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# **East Europe**

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# East Europe

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## CZECHOSLOVAKIA

### Hegenbart Urges Political, Moral Renewal

90EC0134A Prague RUDE PRAVO in Czech  
23 Nov 89 p 4

[Article by Rudolf Hegenbart, member of the Central Committee (CC) of the Czechoslovak Communist Party (CPCZ) and the Executive Committee of the CC CPCZ: "Keeping One's Word, Respecting the Opinions of Others"]

[Text] In December it will be two years since the Seventh Session of the CC [Central Committee] of the CPCZ [Czechoslovak Communist Party], since the announcement of a program of restructuring, acceleration in socioeconomic development, and democratization. In the processes we are witnessing there is a growing conviction that what is going on is not some short-term campaign but a revolutionary overthrow of obsolete and distorted societal relationships, mechanisms, and structures.

This is a very pitched and uncompromising encounter between the new and the old, which in a society always takes the form of a battle between the standard-bearers of the new and the standard-bearers of the old, that is, with those who are linked, economically, politically, ideologically, and psychologically with a vanquished reality.

It is entirely understandable that the struggle for the very principle and interpretation of restructuring are part and parcel of this battle. What is involved is a most radical departure from the traditional modes of production. So it is no wonder that, over the course of restructuring, traditional ideas, too, have undergone a most radical assessment.

We are not only facing the task of changing the economic mechanism, but also the necessity of eliminating oversimplified, utopian, and romantic, revolutionary notions that the development of a new society, one that can with impunity abandon along the way such useful and irreplaceable tools as methodical progress, the market and competition, market-price relations, and, above all, the development of democracy, will be easy, free of conflict, and uniform.

A number of theoretical and practical distortions of socialist society could not help but leave clear by visible traces on the mores of society and on the harmony—or rather, disharmony—between word and deed. Perhaps, too, we have not become sufficiently aware of how deeply ingrained the discrepancy between word and deed has become in our life, how we have grown accustomed to it, as it were, how we accept it as something sort of natural and ordinary.

Distorted societal relationships in particular were among the primary reasons, as the Seventh Session of the CC CPCZ suggested. In the economic sphere, bureaucracy is

the main reason for the discrepancy between words and deeds, and above all the unnatural centralization of management emanating from a lack of comprehension of the essence of the public ownership of the means of production.

Public ownership got replaced by alienated state ownership, by control by a single manager, namely by the overgrown bureaucratic apparatus. In that kind of economy the primary requirement is to pretend that everything is all right and that things are being done. An apparent harmony is conjured—though not for long—an harmony between the bureaucratized structures and individual workers or workers' collectives who, however, are not in the role of a proprietor with something at stake, but who are often indifferent, apathetic, disenfranchised labor force with no stake in effective results, mere cogs in a colossal social machine that runs independent of the will, intentions, or needs of those who set it in motion: the working people.

Economic indifference went hand in hand with an absence of political concern, with the underdeveloped mechanisms of socialist democracy that did not create the conditions under which political power in our republic could effectively belong to the people.

As the Seventh Session of the CC CPCZ stated, disenfranchisement and powerlessness have become the primary reason for carelessness, conformism, obscurantism, falsification, obsequiousness, apathy, cynicism, and other moral and behavioral lapses, including a discrepancy between words and deeds that is not only tolerated, but actively promoted. To be sure, the highest priority was not to be, but to seem like. To dissemble successfully, to applaud enthusiastically, to make an outward show of loyalty to one's superior ... Perhaps we are not fully aware of how deep has violation of the norms of socialist morality penetrated a wide variety of areas of our life, a fact which used to evoke, and in fact continues to evoke, justified criticism. A dual morality, two-facedness, must not be a commonplace phenomenon, to say nothing of a precondition for success.

The most difficult area of restructuring, the one which all of society wishes to accelerate, is the reform of human consciousness and morality. We cannot do without a profound spiritual and ethical rebirth. Harmony between words and deeds is a part of it; we need to call things by their proper names, learn to speak the truth as we see it, keep our word, and respect the opinions of others, renounce demagoguery, simplistic and primitive interpretations of complex realities in all respects, just as we must eschew unrealistic promises that lead to a weakening and consequently to a loss of credibility.

There has been frequent discussion recently of a wide variety of paths of restructuring; about when initiative must come from above, and when it must come from the other direction, about who is to play what role. All clear-thinking people are aware that, to the extent

restructuring by means of a positive evolutionary process without dramatic interludes is to happen, revolutionary renewal of the avant-gardist task of the Communist Party and renewal of the task and calling of the National Front is the way out.

At the very time when the old mechanisms are being pulled down, counterproductive social relationships are being liquidated, and the new, battling the old, is engaged in the difficult task of blazing a trail, in that very situation effective political leadership at all levels is utterly indispensable.

Only unselfish and motivated service to the people will give our party an honest right to be the political vanguard of society, an effective revolutionary avant-garde. A fully conscious, convinced consolidation of its status is impossible without taking full advantage of the intellectual and moral potential of our people, in general, without benefitting from the experience of the international movement. Also, the party today is a force that is promoting, by political and ideological means, under conditions of deepening democracy, the formation of a socialist, law-governed state.

Nor can it, in the future, advance its policy except by means of political and ideological tools and an attractive political program, or lead the masses or win them over politically, except by consolidating its capabilities, or work with them except by its knowledge of their problems, moods, and public opinion, or exert a political influence except by means of its members serving in the appropriate agencies and organizations. Consequently, it must be a leading political force, not a ruling one. Only agencies empowered and commissioned by the people, and state agencies delegated by them and under public control, may govern.

The revolutionary reform at the very beginning of which we really do stand, was inaugurated at the instigation of our Communist Party. But if the Communist Party of Czechoslovakia is to be a leading political force in the future as well, it itself must be thoroughly reformed. This affects its position in society and its internal structure. It does not assume any governing functions in various spheres of societal life that are inappropriate to it, but uses political methods to fulfill its task of leadership. This manner of proceeding will not prevent it from devoting itself to questions whose solution lags behind the demands of practical life.

History affords ample evidence that no society can do without a political leadership that promotes the interests of certain classes, groups, and layers of society. This is as true for socialism as it is for capitalism. A political vacuum never remains for long.

The development of our society and the success of revolutionary restructuring is directly dependent on who will be the political vanguard of society and how that leadership will operate. Hence, in dynamic societal processes, a party cannot represent an embattled besieged fortress, but the engine of societal evolution. A loss of

historical initiative and inertia in trade union positions are unacceptable. The party always lived for the future, never for the past, and it must continue to be so. If it is to prepare the future, it itself must symbolize it: intellectually and morally, in a program, in its interior life. That is its task; if it is to fulfill that task, it absolutely must obtain renewed confidence in its competence.

The unity of words and deeds holds an unimpeachable place within that process. And that holds true both for the practice of daily politics and for the relationship between theory and praxis. The discrepancy between theory, that is, the tool by which reality is described, and praxis has not been created solely by ignoring theory in praxis, but by cutting theory off from reality.

Sociological theory cannot be anything other than a revolutionary, accelerating factor in societal evolution. Once it begins to change into an advocate of concrete political decisions, not always correct ones, sooner or later there will begin to emerge the discrepancy between that theory and reality. Between words and deeds.

Untruths, half-truths, and inaccuracies, intentional or unintentional, indeed have short legs. That is true in everyday life and doubly true in politics. We must not avoid the unpleasant topics that life brings up for us. Ostrich politics never brings forth anything good. And, once the word, the promise, the need, the command is expressed, then it is necessary—these days, even painstakingly so—to ensure that it receives the follow-up of practical implementation. This should be so not only in order that this be publicized, but so that it can lead to real results.

Regardless of how we interpret the meaning of words, it is true in politics that there is no yardstick for a word, a plan, or a promise other than effective results. It was for the achievement of results that the Seventh Session of the CC CPCZ laid a foundation in its reform program, which is aimed at permanent socioeconomic development for our entire society.

### **Sociologists Sum Up Ideas on Social Policy**

*90EC0111A Prague RUDE PRAVO in Czech  
30 Oct 89 p 4*

[Round table discussion conducted by Jan Lipavsky: "No Ivory Tower"; date and place not given; first paragraph is RUDE PRAVO introduction]

[Text] First of all, let us introduce our round table discussants: Jakub Netopilik, director of the Philosophy and Sociology Institute, Jiri Loudin, member of the Department of the Theory of Science and Technological Revolution, Antonin Matejovsky, chairman of the Department of Sociology, and Miroslav Pauza, member of the Department of Philosophy.

[RUDE PRAVO] I occasionally hear people say: What are our scientists doing? They live nicely in their ivory

tower, they keep researching, but it does not show anywhere. What do you say to that, comrades?

[Netopilik] The reason for such an opinion may be the fact that our public simply does not get enough information about the content and results of the work in social sciences, or else not very convincingly.

[RUDE PRAVO] Is that maybe also because for some average readers the results of some scientific studies are presented quite unintelligibly and dryly?

[Netopilik] There is some truth in that, too; the popularization of science and research is generally a weak point.

[RUDE PRAVO] Let us then try to explain to the reader in plain language your work, your thoughts, how you actually live...

[Netopilik] First of all, we do not live in some ivory tower. Our Institute has, as do other work places, a work plan. Of first importance in it are the tasks which the state plan for basic research gives to the Institute, as the primary philosophical and sociological work place in the CSSR. How we are fulfilling them is exemplified by the concrete results of our research, which were not achieved outside the life of the society but in linkage to it, in contact and encounter with reality...

[RUDE PRAVO] What actually are you doing in your Institute, what is your main goal?

[Matejovsky] To assist the restructuring with our theories, place them at the disposal of the Party leadership as well as of the state and other agencies. And as far as our specialty, sociology, is concerned, our research is directed toward the problems of basic social processes in our society, of the development of the social structure with regard to social activities and basic kinds of life styles, and of changes in work and organizational structures.

[RUDE PRAVO] But the question will be whether the level of your findings will answer the real needs and requirements of the present as well as the future.

[Loudin] We have to base the relationship of research to practice on a much broader foundation than has been the case thus far. We must open research much more to real social processes in all their diversity, stratification, and contradictions, we must search out the foci of progressive social changes and assist their development.

[RUDE PRAVO] Of course, with the risk that practice may show that some of your conclusions are without merit.

[Matejovsky] We do not rule that out, and in the case of the so-called warning prognoses we are only too pleased if that is so. Scientific work always carries with it the risk of error.

For example, we are conducting research into the question why in the areas being studied the results did not

match the goals, and what must be done so that the segments of society that are in control can avoid that in the future. From the generalized information we draw the conclusion that democratization of society, of all its spheres, is necessary. After all, what I am saying here already has a concrete form in the resolutions of the Party and the Government. We are therefore not living, as was suggested here, in some ivory tower.

[RUDE PRAVO] That is well and good, but you yourselves have contributed to the fact that in the past the deeds did not match the words, if only because you did not intervene in a timely and convincing manner into decisionmaking about the content of policies, and did not give adequate theoretical reasons for the danger that threatens because of erroneous or voluntaristic decisions.

[Matejovsky] We do not deny that in the past that was often the case, although that is not the problem of science alone. The point also is whether the recommendations, the results of the work of one or another scientific institution, have always been accepted where they should have been.

[RUDE PRAVO] Some branches of science became self-absorbed, and they tried to be merely something of a commentator on political decisions.

[Matejovsky] The situation is different today. It is expected of our Institute as well to provide a critical and objective look not only at the past and present, but also at the future. The basic prerequisite for that is to think independently, not give in to some opportunistic influences which in the past even had the form of pious wishes that science was supposed to substantiate. But the legacy from the past is still tripping us up. In sociology to this day are reflected ideas about the priority of the production sphere before all others, which we held when we set out to build socialism. It is not easy to overcome this unfortunate legacy of a technocratic concept of socialist construction.

[Pauza] I believe that theory is supposed to start with a concept of man which understands him not merely as a link in material production, but as a creative entity in the broadest sense of the word.

[Loudin] In the eyes of the controlling structures man was not the aim of their efforts, but primarily a means to fulfilling production tasks. That is where we have to look also for the answer to the question why he is alienated from work and the national ownership of the means of production.

[Netopilik] There is a certain paradox here. On one hand, we rightly criticized the technocratic illusions in the West, and on the other hand we have been falling, to our detriment, deeper and deeper into them.

[RUDE PRAVO] Does that mean that Antonin Zapotocky was not correct when he used to say that without work there is no prosperity, when he said that we must

improve the level of all our work and thus also of material production, make production the priority, because, after all, that is the source of material well-being...?

[Netopilik] That is a misunderstanding. It is one thing to honor work as the real main source of existence of any society, but it is another thing to take a technocratic approach to it and glorify the capital goods base as if only it determined the existence of a society. Society is merely objectively conditioned by it, whereas decisions about it, about the movement and development of society, belong exclusively to man, to people.

[RUDE PRAVO] But the best of theories can be at variance with practice and therefore for practical decisionmaking useless, redundant...

[Netopilik] To reduce the contradiction between theory and practice in the social sciences to the minimum requires that we take as the starting point a comparison of the results of research in the social sciences and the results of research in other sciences, and maximally objectivize all the findings. And as far as practice is concerned, the same applies—compare all that came out of the scientific institutions with life, with societal practice. There is no other way. The cognitive ability of the social sciences cannot be developed other than by a critical look at various social phenomena and connections. On that, after all, also rests to some extent the objectivity and predictive character of the sciences.

[Loudin] In other words, science must resolve also such questions which today are not yet the subject of politics, but will or may be in time. Otherwise, politics would have difficulty staying ahead of events. Science must tell politics even unpleasant things if it is to be realistic and creative.

[RUDE PRAVO] How do you propose to prove that the results of your work are not speculative?

[Netopilik] Whether our activities are or are not detached from life and real needs of society can be shown only in practice. When life verifies our theories and conclusions as correct, that gives us the greatest pleasure when giving accounts of the work we have performed.

[RUDE PRAVO] You say giving accounts; are you able to submit them today?

[Netopilik] To a certain extent, because at this time a part of our work has been accepted and verified as correct, a part will be verified later when these propositions become part of everyday practice.

[RUDE PRAVO] Specifically, what did you offer to the central agencies?

[Netopilik] Among the main tasks of the Institute is to work out theoretical-analytical bases, segmental analyses, and other material for Party agencies, according to their specific requests. Lately we have been working on laying the groundwork for the planning of the 18th

CPCZ Congress; it was subjected to opponency procedure, and was judged by various commissions composed of employees of our Institute as well as other scientific institutions.

[Matejovsky] In sociology, we gave the Party leadership three materials for their use. One contains an analysis of the developments in education, the second an analysis of developing a social class structure from the viewpoint of the possibilities of developing a socialist democracy, and the third deals with the tasks of the young people in the process of restructuring our society. In order that the materials prepared for the needs of the Party and the state agencies are also looked at from the viewpoint of practice, we are collaborating, among other things, with comrades from the CPCZ Central Committee and a number of other partners from outside our Institute.

[Loudin] The Department of the Theory of Science and Technological Revolution also submitted two works. One concerns the activization of technological potential, and the other concentrates on improving the quality of the directing of our science. We place great importance on the human, subjective component of technological development, in which we see the source of its dynamics as well as its humanistic orientation.

[Pauza] The Philosophy Department submitted material concerning changes in social relations during the process of restructuring a socialist society. In it we concentrated primarily on questions of man's personality development and the problems of the conditions for abolishing the supremacy of circumstances over him.

[RUDE PRAVO] Can you say that what you have prepared already traces certain outlines of the near future?

[Netopilik] No, it is merely a part of what will trace those outlines. After all, other branches of the sciences are also working on the prospective development of our society, and various alternatives of this development are being prepared.

[RUDE PRAVO] How do you proceed in searching for these alternatives?

[Matejovsky] We follow above all Marx's advice that by criticizing the old we search for the outlines of the new...

[RUDE PRAVO] Where does the solution to problems lie?

[Netopilik] We look for and find the solution to problems of our society's development in the principle of the diversity of views in forming social relations. We agree on that. Also, that not even science can be a one-way street. The deeper we study the development of society the greater is the range of views of this development, which we consider to be an enrichment of scientific studies as a whole. It is, of course, necessary to make use of these views and implement them in such a way that

they would serve the socialist development of our society and would be a contribution to the development of the Marxist-Leninist theory.

[RUDE PRAVO] What in fact do you consider to be the most important aspect of your work, what are you concentrating on?

[Netopilik] Most important is the study of the dialectics of the development of socialism. In the materials which we mentioned is outlined the direction of the development of socialism in its, figuratively speaking, Leninist form.

[RUDE PRAVO] One of the basic postulates of socialism is social justice. What is its place in our social order and what in fact is the content of this concept?

[Matejovsky] If in the restructuring we do not give priority precisely to social justice, then all the efforts to achieve structural changes in the productive, organizational, technical, and other spheres will sound hollow. The goal is not the restructuring itself, but its content, which is a higher kind of social justice as an expression of the humaneness of our order.

[Netopilik] Speaking about the concept of social justice itself. Among people and even some managers it is being currently reduced to questions of reward for work or acquisition of material values according to the results of work, whereas in the full sense of this concept we are also talking about a whole range of moral, legal, cultural, and even ecological and other aspects, including equality among citizens. At least that is the way we present it in the results of our research, that is, as the pivotal content of all policies and social practice. Of course, so that all the aspects of social justice can be fully manifested, all of society's structures and the content and direction of activities of its agencies and organizations have to be adapted.

[RUDE PRAVO] And that is a big problem. What to do about it?

[Loudin] We see the solution in the development and application of all the aspects of socialist democracy, in the strengthening of, so to speak, the first page of democratic centralism. Or, the changes of this kind should be brought about objectively also by the participation of the working people in the formulation, realization, and control of policies, as, after all, the resolutions of the Party and the government emphasize. To put it another way, man is not only the object of the solution but also its subject, and he actually decides about the extent and content of social justice.

[Matejovsky] Let us consider the conflicting interests of various social population groups. Until now, the solution was to satisfy one interest at the cost to the other. Today, however, we must give a clear theoretical and practical form to the proposition how, in satisfying the interests of individual social groups, we would have cooperation and agreement on basic interests, for example as regards the

right to work, healthy environment, rewards according to the results of work, or laws, which apply to everyone, etc.

[RUDE PRAVO] It sounds as if a moral political unity of the people should reign here, but after all, the mentioned diverse interests of individual social groups preclude something like that.

[Netopilik] It depends on how such a unity is formed. If it is merely proclaimed and if in order to stay alive it does not have democratic conditions in the form of an exchange of views or, as we often say today, dialogue, you are right, a coalescence of views will not take place. Then the best and most sincerely meant slogan loses its meaning, cannot unite people, but it can, and therein lies its danger, have an entirely opposite effect. The aim of our work is to show how to put dynamics into social development with its diversity and contradictions.

[RUDE PRAVO] After all, contradictions are, historically speaking, the moving force of development.

[Netopilik] Exactly. In this respect the social sciences should be the arsenal of new knowledge. At least that is the way we understand the suggestion contained in the resolutions of the highest Party agencies on the activities and mission of the social sciences.

[RUDE PRAVO] However, I still cannot get rid of the thought about how to arrange it so that the policy of the Party would be a step ahead of the developments in society, could predict the possible developments of events and determine its tactical and strategic approach in time.

[Netopilik] I would say that the answer is unequivocal. The point is, first of all, that science should not idly theorize but should routinely give politics solid theories for decision making, second, that politics should be based on such theories, utilize them, and apply them in practice, so that its decisions would not be elementary. But theory does not make the decisions for politics, it only provides it a foundation for those decisions in the form of scientifically based recommendations, theoretical analyses, possibilities, and the probable social consequences resulting from them. Which possibility and recommendation politics will select, and decide on their practical application, is its own affair only. If I say only, that is intentional, because if this term when generally used means very little, in the given context it means a lot. That is proven, among other things, by some statements not only on the part of theory, where theory thinks that only its views are correct and therefore politics must abide by them, otherwise "it is not worth much," but on the part of politics also, when it looks at theory as a service area, which is supposed to deliver an integrated concept of precisely and unequivocally stated concrete courses of action and solutions, otherwise it also "is not worth very much."

[RUDE PRAVO] In both cases it is a matter of a mutual "feeling of superiority."



[Netopilik] And that leads to unhealthy manifestations in their relations. As we know from history, if there is a relationship of disparagement between theory and practice, if there is conflict between them, if theory is detached from practice and practice from theory, theory becomes speculative, abstract, and useless and practice becomes, shortwinded, without clear ideo-political perspectives. To put it briefly, it should not be the case as far as theory or as practice are concerned that life should be ahead of them.

[RUDE PRAVO] And what kind of relationship should it be, then?

[Netopilik] It should be such that they become their mutual "driving force," when theory, to put it in Marx's words, exerts pressure on practice and practice exerts pressure on theory.

[RUDE PRAVO] Why do you put so much emphasis on the political aspect of the matter, anyway?

[Netopilik] Basically everything is realized through politics, and therefore it depends also on the theoretical, in the broader sense of the word ideological, quality of politics, whether it is successful or not. Our orientation is to provide a firm theoretical base for political activities, incorporating the latest findings of the social sciences.

[RUDE PRAVO] That sounds convincing, but politics in the classic sense of the word is mainly a struggle for power. How is it then?

[Pauza] Politics, as the most universal theory of administering a country, at the same time really does have a necessary aspect of a power struggle, but it is also true that in the Marxist conception it is mainly its democratization. Every citizen is the bearer as well as the object of politics. The democratization of politics therefore rests in a broad active participation of the people in solving social matters.

[Netopilik] Of course, that can happen only if all the transmissions of socialist democracy function reliably from the top down and vice versa. And that is another subject of our attention, of our studies. The point is that we should understand politics as the administration of society which the citizen realizes through his representative assemblies, social organizations, political parties of the National Front, and also he himself directly perhaps as a member of the council of a workers' collective, and that we should realize that all social activity has a political aspect, whether directly or in its consequences. You asked how we live, what we are thinking about, what is our objective. Well, you just heard it.

[RUDE PRAVO] Thank you for the discussion.

## GERMAN DEMOCRATIC REPUBLIC

### Einheit Summaries of Selected Articles in Sep-Oct 1989 Issue

90EG0058A East Berlin EINHEIT in German Vol 44  
No 9/10, Sep-Oct 89 (signed to press  
17 Aug 89) pp 972-976

[Text]

### The 40th Anniversary of the German Democratic Republic

[Summary of article by Erich Honecker, SED CC [Socialist Unity Party of Germany Central Committee] Politburo member and chairman, Council of State; pp 788-797. A full translation of this article appeared in FBIS Daily Report: East Europe, FBIS-EEU-89-177, 14 Sep 89, pp 18-24]

The GDR is the greatest accomplishment of the revolutionary German worker movement, it crowns the struggle of all progressive forces among our people. Led by Marxism-Leninism as the reliable compass significant progress has been made, particularly since the beginning of the 1970's, to benefit the people. Political stability, economic dynamism, and social security in our socialist society allow the citizens to recognize that, just like the active commitment of the GDR to a joint socialist peace program, the democratic commitment for the affairs of the socialist state contributes to the realization of their own interests.

### Our Worker and Peasant State—The Principal Instrument in the Shaping of a Developed Socialist Society

[Summary of article by Willi Stoph, SED CC Politburo member, chairman, Council of Ministers, and deputy chairman, Council of State; pp 798-803. Excerpts from this article appeared in FBIS Daily Report: East Europe, FBIS-EEU-89-178, 15 Sep 89, pp 29-30]

What is the foundation upon which the German worker and peasant state developed into an economically capable, politically stable, and internationally recognized socialist state? It was through the power of the working class and its allies, which was the most important factor in our successful advances, continuity, and renewal in the development of our socialist state. Requirements are levied upon the state leadership and the planning authorities in preparation for the 12th Party Congress of the SED. Legality and legal guarantees are the guiding principles behind the further development and perfection of socialist democracy.

### Work With Us, Plan With Us, Govern With Us—That Is Our Motto

[Summary of article by Horst Sindermann, SED CC Politburo member, president, People's Chamber, and deputy chairman, Council of State; pp 804-809]

How did the people here become the true shapers of their lives and how did socialist democracy, with its constant development as a society-shaping force, prove itself in this endeavor? The creative application of Marxism-Leninism was decisive in always finding the correct solutions appropriate to our national conditions and requirements and in the interest of all classes and strata of the population. The article discusses the breadth and multiplicity of democratic cooperation and the requirement for the further development of socialist democracy as a fundamental developmental and shaping principal of socialism.

#### **The GDR—Firmly Anchored in the New Socialist World**

*[Summary of article by Hermann Axen, SED CC Politburo member; pp 810-816]*

As part of the revolutionary world process in the era of the transition toward socialism, the growth and development of the GDR combine with its firm anchor in the new world of socialism. Some 40 years of successful development have provided the GDR as a socialist German state, which has confirmed Marxist-Leninist fundamental values governing its new society under our national conditions, its firm place in history and its unchangeable shape.

#### **The Class and Party Alliance in the GDR**

*[Summary of article by Joachim Herrmann, SED CC Politburo member; pp 817-823]*

The ascendance of the GDR to a politically stable, economically dynamic socialist state is based on the creation and the steadfast strengthening of the alliance between all working classes and strata of the population under the leadership of the working class and its Marxist-Leninist party. What are the historical roots and traditions of our alliance policy? How is the dialectic of continuity and renewal reflected in the process of far-reaching revolutionary changes? On the new quality of the alliance policy following the Eighth SED Party Congress and its most important results. Alliance policy requirements involved in the further shaping of a developed socialist society.

#### **A Military Policy for Peace and Socialism**

*[Summary of article by Heinz Kessler, SED CC Politburo member and minister for national defense; pp 824-830. Excerpts from this article appeared in FBIS Daily Report: East Europe, FBIS-EEU-89-179, 18 Sep 89, pp 16-18]*

The establishment of the GDR also marks a radical turnaround in German military history. How does the military policy of the GDR differ from that of the German Reich, which declined with finality, and how is it distinguished fundamentally from the military policy of the FRG? What constitutes the specific responsibility of the GDR in the socialist defense coalition and how does the GDR perceive this responsibility?

#### **On the Meaning of Our Struggle**

*[Summary of article by Egon Krenz, SED CC Politburo member and deputy chairman, Council of State; pp 831-838. A full translation of this article is published in this JPRS report]*

Communists have always turned out to be consistent fighters for the interests of all workers, for peace, and for social progress and have thus, at the same time, preserved and continued the humanistic traditions behind a commitment for a truly humane society. The GDR—that is an epochal work of several generations of communists and their allies. What is the meaning today of our struggle, the meaning of life for a communist? What requirements does this levy upon each of us?

#### **The Agricultural and Alliance Policies of the SED—An Expression of the Creative Application of Marxism-Leninism**

*[Summary of article by Werner Krolkowski, SED CC Politburo member and first deputy chairman, Council of Ministers; pp 839-847]*

The creative application of Marxist-Leninist theory and the specific conditions of the GDR have also proven themselves in the agricultural and alliance policies of the SED as a pledge of fidelity behind our advances. How has the social situation of the rural population changed and how has the face of the villages changed? What demands face the workers in agriculture today? Why is cooperative joint commitment the appropriate way in which the potentials of cooperative ownership can be fully developed, in which science and technology can be more effectively utilized, and by which efficiency can be further enhanced?

#### **The Economy To Benefit the People**

*[Summary of article by Guenter Mittag, SED CC Politburo member and deputy chairman, Council of State; pp 848-854]*

On the basis of people's property and the unified management and planning of our national economy, an unprecedented economic upswing has occurred since the coming into being of the GDR. Tracing the historical points of departure and the appropriate requirements and conditions imposed by our country in the 4 decades with respect to tasks which needed solving, we see how our party mastered its leading role in guiding the economy through the creative application of Marxism-Leninism. The unity of continuity and renewal which characterized this path also permeates the preparations for the 12th SED Party Congress.

#### **The Capital City of Berlin—Open to the World and Facing the Future**

*[Summary of article by Guenter Schabowski, SED CC Politburo member and first secretary, East Berlin District; pp 855-861]*

The development and growth of the GDR into an economically dynamic and politically stable nation is inseparably connected with the ascendance of Berlin to our socialist metropolis, a place which is in demand today for purposes of international dialogue as well. What contribution does Berlin make to the continuation of the policy of unity between economic and social policy, which has been shaping the face and pulse of the city since the Seventh SED Party Congress? In which direction is mass initiative being guided in preparation for the 12th SED Party Congress? How is municipal policy being developed in an output-oriented manner and realistically, in the eyes of the citizens?

### The FDGB—An Active Shaper of the New Society

*[Summary of article by Harry Tisch, SED CC Politburo member and chairman, Free German Trade Union Federation; pp 862-868]*

Following the Leninist thought that the trade unions are not only active as "creators of our economy," but also "as state-creating forces," it is clarified—in contrast to concepts which claim that the trade unions could represent the interests of the workers in opposition to the socialist state—that the development of our republic is specifically being shaped through the cooperation, coplanning, and cogovernment of unified strong trade unions. In which direction is socialist competition aiming in preparation for the 12th Party Congress of the SED with a view to the 1990's, how are the rich opportunities for socialist democracy in enterprises being ever more effectively utilized in order to continue connecting economic progress with social progress?

### Our Social Strategy—Proven, Tested, and Facing the Future

*[Summary of article by Ernst Timm, graduate social scientist, SED CC member and first secretary, Rostock SED Bezirk leadership; pp 869-877]*

The speeches and essays of Erich Honecker repeatedly document, with special authenticity, the vision, the consistency, the justified optimism which our party brings to bear on the realization of its programs and with which it struggles; the same is true of the 12th volume, which appeared in the time frame immediately following the 11th Party Congress of the SED. His studies permit us to trace and feel how the SED utilizes Marxism-Leninism in line with the specific conditions of our country creatively in realizing the meaning of socialism, how this fact finds expression in the party's social and economic strategy, and in its peace concept.

### From the First Day, a State of Peace

*[Summary of article by Oskar Fischer, SED CC member and GDR minister for foreign affairs; pp 878-883. Excerpts from this article appeared in FBIS Daily Report: East Europe, FBIS-EEU-89-181, 20 Sep 89, pp 19-21]*

From the very beginning, three principal factors determined the establishment of the foreign policy strategy of the socialist German state: the life interests of the working class, of the working people in peace; the lessons drawn from the disastrous policies of German imperialism, which caused both world wars; and the binding establishment of the states involved in the anti-Hitler coalition. How has the GDR always done everything in its 40 years of existence to assure that war would never again originate on German soil? How does it, together with the other countries of the Warsaw Pact, face the new tasks in the struggle for disarmament and securing the peace?

### Our First President

*[Summary of article by Prof Heinz Vosske, doctor of philosophical sciences, head, Central Party Archives at the Institute for Marxism-Leninism of the SED CC; pp 884-889]*

On the work of Wilhelm Pieck, the cofounder of the KPD [Communist Party of Germany] comand brother-in-arms of Ernst Thaelmann for freedom, democracy, and socialism. Which qualities characterized him as a leading personality of the revolutionary worker movement and allowed him to win the confidence of the people?

### The Shaping of Developed Socialism in Theory and Practice

*[Summary of article by Prof Otto Reinhold, doctor of economics, SED CC member, rector, Academy for Social Sciences of the SED CC, member, Academy of Sciences, GDR, external member, Academy of Sciences, USSR, and member, EINHEIT Editorial Board; pp 890-896]*

In working out and realizing its social strategy, our party has always taken account of specific conditions and requirements, and allowed itself to be guided by the dialectic of continuity and renewal. The author documents this on the basis of historically specific tasks which were set in individual stages throughout our social development, depicts our principled relationship toward reform and revolution, and draws final conclusions for our social conceptions for the 1990's from the closer relationship which exists between domestic and international developments.

### The SED—A Party of Innovators

*[Summary of article by Prof Kurt Tiedke, SED CC member, rector, "Karl Marx" Advanced Party School of the SED CC, chairman, Scientific Council of the "Karl Marx" Advanced Party School of the SED CC, and member, EINHEIT Editorial Board; pp 897-904]*

On the creativity of our party in the revolutionary struggle, using Marxism-Leninism as a compass which provides directional guidance for communists, but does not save them from having to steer in this direction; on the relationship between communists and truth. How is

our party proven as a party of innovators and how is socialism proven to be the greatest scientific realization?

**The Political-Ideological Task of Party Organizations in Future Preparations for the 12th SED Party Congress**

*[Summary of article by Klaus Gaebler, doctor of philosophy, SED CC member and SED CC department head; pp 905-910]*

The more turbulent the times are, the more essential a firm socialist class viewpoint which is based on world view is. What kind of requirements accrue from this fact for the leadership activities of party organizations, for the political actions of every Communist? Marxism-Leninism is an important mental weapon in the ideological struggles of our times and a mental tool in the realization of our social strategy. On what is our historical optimism based?

**The Growing National Income—Decisive Factor in Successful Advances**

*[Summary of article by Prof Helmut Koziolk, doctor of economic sciences, SED CC member, director, Central Institute for Socialist Economic Management of the SED CC, chairman, Council for Economic Research, member, Academy of Sciences, GDR, external member, Academy of Sciences, USSR, and member, EINHEIT Editorial Board; pp 911-918]*

The rapid rise in the national income as an outstanding characteristic of the growing performance strength of the national economy and as an important basis for socioeconomic progress, as a prerequisite for growing consumption and higher levels of new investment. What is the national income, which factors are decisive in its development today and in the foreseeable future? How are the combines to be interested in raising the level of the national income? The role of the economic manager.

**Routine Is the Death of Success**

*[Summary of article by Prof Wolfgang Biermann, doctor of economics, SED CC member and director general, VEB Carl Zeiss Jena Combine; pp 919-923]*

Under what conditions can peak performance rise and grow, how can its economic effects be increased—these are questions which are repeatedly posed at the VEB [State Enterprise] Carl Zeiss Jena Combine in order to verify our own yardsticks in terms of the measures of the leading international levels. What type of final conclusions does the director general draw from this for his strategic work? How is he successfully able to motivate his collective repeatedly toward new and higher goals and how successful is he in consistently prosecuting the socialist performance principle?

**The Free German Youth Movement in the 40th Year of the GDR**

*[Summary of article by Eberhard Aurich, SED CC member and first secretary, Central Council of the FDJ [Free German Youth]; pp 924-928]*

On the role of the FDJ as a helper and combat reserve of the party and the representative of the interest of all young people. On its orientation toward always seeking a dialogue with all young people regarding questions of interest to them in struggle-filled times, on the everyday conduct of the exchange of ideas and conflicting thoughts, on responding to them in a party manner and offensively, and thus convincingly. Experiences and requirements in efforts to reach everyone, to win everyone over, and to not leave anyone behind.

**Our School—A School for the World of Tomorrow**

*[Summary of article by Prof Gerhart Neuner, doctor of education, SED CC member, president, Academy of Pedagogic Sciences, GDR, and member, Academy of Sciences, GDR; pp 929-934]*

In more than 40 years, our school has won the specific national form, which is characterized by great dynamism, continuity, and renewal and is an important piece of socialism in the colors of the GDR. The socialist school in our republic has at its disposal a clear orientation toward the world of tomorrow through the resolutions of the Ninth Pedagogic Congress and through the means of the new overall teaching plan. What tasks accrue from the growing significance of general education? How is the imparting of values in instruction to be still further qualified?

**Anti-Fascism Characterizes Our Path, Our Power**

*[Summary of article by Prof Siegfried Vietzke, doctor of philosophy, head, Chair of History of the SED at the "Karl Marx" Advanced Party School of the SED CC; pp 935-940]*

How have we utilized the historical opportunities offered by the liberation from the tyranny of Hitler in fulfilling the legacy of the anti-Fascist resistance fighters and in agreement with the Potsdam Agreement, how have these opportunities been used to root out fascism and militarism irrevocably and to see to it that war will never again originate on German soil?

**The SED—Part of the International Communist and Worker Movement**

*[Summary of article by Prof Harald Neubert, doctor of philosophy, director, Institute for the International Worker Movement of the Academy of Social Sciences of the SED CC; pp 941-946]*

The SED feels itself obligated to adhere to the traditions and foundations, to the accomplishments and goals of the international communist movement. With the strengthening of the socialist society in the GDR, with its

struggle for peace and progress in the world, our party is making a recognized contribution which is commensurate with its internationalistic obligations. What does the identity of the communist movement consist of today? What significance attaches to the internationalism of the working class for the solution of global problems?

#### In a Socialist Manner

[Summary of article by Bruno Mahlow, graduate state economist, member, Central Auditing Commission of the SED, and SED CC deputy department chief; pp 947-952]

On the occasion of the 40th anniversary of the People's Republic of China, the outstanding world-political significance of the victory of the Chinese people's revolution is being honored, the phases, successes, and failures along the complicated way of socialist creation in the most populated country of the world, which is fraught with specific questions, are being worked out. The manner in which the Communist Party of China is orienting itself toward the mastery of the challenges of the present and future in the country is depicted, as is the manner in which the country can meet its responsibilities as a socialist major power in the international arena and the manner by which the close cooperation between the GDR and the People's Republic of China is developing.

#### The Experience of Art as Historic Awareness

[Summary of article by Prof Peter H. Feist, doctor of philosophy, director, Institute for Esthetics and the Science of Art of the GDR, corresponding member, Academy of Sciences, GDR, and member, Academy of Art, GDR; pp 953-958]

On account of its monumental dimensions and its world-view esthetic riches, the panorama picture by Werner Tuebke is a unique work of realistic painting in our century. Tracing the depiction intentions, the work method, and the art-historical affinity demonstrated by Tuebke, the contribution imparts an impression that this type of painting—as art experience—could mature into a lasting encounter with great revolutionary traditions of our people.

#### Krenz Outlines SED Operational Philosophy

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[Article by Egon Krenz, Socialist Unity Party of Germany Central Committee Politburo member, deputy chairman of the Council of State: "On the Meaning of Our Struggle"]

[Text] The meaning of our struggle is identical with the purpose of our life: to struggle for a society in which—as Karl Marx predicted—man is no longer "a debased, enslaved, abandoned, contemptible being,"<sup>1</sup> but, rather, for the first time—irrespective of his social origin, his world view, or religious convictions, irrespective of

gender and race—can truly be a human being. In this struggle, we, in the GDR, have attained truly historic achievements. We shall, at all times and against any assault, defend them as our lives—because it is our life. The Socialist Unity Party of Germany [SED] stands up for facilitating the power of the working class and of all working people under all circumstances and for guaranteeing that the creative efforts of the people and the results of their output continues to benefit no one other than the people themselves.

If, this October, we embark festively upon the 40th anniversary of the existence of the state of worker and peasant power on German soil, then we have reason to celebrate much—primarily, however, the diligence, cleverness, and tenaciousness of workers and peasants, of the intelligentsia, and of the other strata of our population. Under the leadership of the SED, they have established a society which feels tied in its goals and paths to the high humanistic ideals of Marxism-Leninism.

The historical mission of the working class lawfully leads to responsibility on the part of the party to be the revolutionary vanguard. To perceive this mission meant that actions would be taken completely within the meaning of the founders of scientific socialism and to "always represent the interests of the overall movement"<sup>2</sup> in the struggles of the time. Through our actions, we have firmly affirmed our firm conviction in the GDR that socialism can only prevail as a democratic joint action on the part of all under the leadership of the Marxist-Leninist party. Cooperation between democratic forces in organizing, and thus creating a broadly-based anti-Fascist democratic people's power was, as is generally known, already an agreed-upon matter at the party congress in Brussels in 1935 and in Bern in 1939. It was again found in the "Principles and Goals of the SED" which were adopted at the unifying KPD [Communist Party of Germany] and SPD [Social Democratic Party of Germany] party congress. In these principles and goals, the strategic task is formulated calling for the establishment of the political power of the working class in an alliance with the remaining working people on the territory of a democratic German republic. Today, we can find throughout the republic that: the political power emanates from the people, man stands at the center of policies within the state and within society. This is the life work of several generations of Communists and their allies.

Our party has not only proclaimed the power of the people in words; from the very beginning, it undertook to do everything to enable the working people to implement that power. It undoubtedly counts among its merits that, beginning with the first hour, it eliminated the aggressive fascist demon of the master race mentality from the thoughts of millions of people and, in a complicated rethinking process, awakened and deepened in them the awareness of their responsibility for their own lives and for society. In this manner, thousands upon thousands—both the cook and also the scientist, the peasant as well as the artist, and hundreds of thousands

of young people who had been seduced by fascism—became helpers in the establishment of the anti-Fascist democratic order and became conscientious coshapers of the socialist revolution. With the fundamental change in society, people also changed from the ground up. This is one of the lasting chapters in history which is inseparably tied with the leadership force of our party.

### We Must Take Care of Ourselves

In the annals of the revolutionary change in our country, leading places are occupied not only by the names of such politicians as Wilhelm Pieck, Otto Grotewohl and Walter Ulbricht, Johannes Dieckmann, Otto Nuschke, Wilhelm Kuelz, and others. We shall also find the names of the miner Adolf Hennecke and the innovator Luise Ermisch, the weaver Frida Hockauf and the inventor Heinrich Mauersberger, the lathe operator Erich Wirth and the young people's brigade worker Peter Kaiser, the names of scientists, artists, and sports figures. All of them, all of us have built this republic as the first German home of successful effort and social justice and social security and, last but not least, of reliable peace policy. The GDR is for us part and parcel of our life, just as it was the fulfillment of the life work of those who struggled in the anti-Fascist resistance and those who were activists in its early hours. The stirring appeal of the international workers' hymn: "No higher being, no god, no emperor, no tribune will save us. Only we can liberate ourselves from misery!" found a poetic reflection at that time in our song: "Away with the rubble and let us build something new, we must take care of ourselves and let him who dare come out against us!" And it found its political echo in the increasingly political actions of the people.

The words spoken by Wilhelm Pieck regarding the establishment of the GDR as being "a turning point in German history"<sup>3</sup> were able to become historical truths because the working class and its allies took power into its hands and knew how to develop this power as a people's power. In this endeavor, the revolutionary unity of the working class, under the leadership of its Marxist-Leninist party, which acted in a unanimous manner, firmly allied with all working people, was decisive in this regard. Without this revolutionary unity and the trusting alliance, the meaning of socialism—the desire to serve the people and their well-being—cannot be realized.

The opponents of socialism know why, for decades, they have directed their principal assault against the leading role of the party of the working class and are trying to shake the confidential relationship between the party and the people. They claim that their future plans are aimed—as they think—at a more open and friendlier house of socialism. However, their strategic thinking is aimed at depriving this house of its foundation. Toward this end, they use the well-known "garment, which is knitted from speculative spiderwebs, patched with belletristic flowery arguments, and permeated with love-heavy emotional dewdrops,"<sup>4</sup> to bring into play all those bourgeois and petit bourgeois concepts of socialism

which had already been unmasked in the "Manifesto of the Communist Party" and which had been argued ad absurdum. No one can seriously believe that German Communists, who stand in the tradition of Karl Marx and Friedrich Engels, of Karl Liebknecht and Rosa Luxemburg, of Ernst Thaelmann and Wilhelm Pieck, of Otto Grotewohl and Walter Ulbricht, would let themselves be rewon—as many would like to see it happen today—for the "values of the Western world."

The enemy attacks cannot confuse us. Our compass remains oriented toward those goals which were formulated by the classicists of Marxism-Leninism based on their clear analysis of human history up to that point with the historical mission ascribed to the working class. We, in the GDR, carried the idea of this new society to the people and converted it—enriched by our own experiences and taking into account specific national givens—together with the masses, into practically experienceable socialism. No one has thus far been able to prove that a socialist society could be brought into being without taking into account the lawfulness of the socialist revolution and socialist development for the benefit of the people. It will also not be possible to present this proof in the future.

Every one of us sees today how, in the process of the deep dynamic changes taking place in our society and as a result of the differentiated challenges of international class argumentation, the leading role of our party as a vanguard of social innovation is increasing. It is palpable, on a daily basis, how very much the perception of social responsibility by our party depends on each individual comrade, of his attitudes, his actions, his ability to be convincing, and his tenaciousness.

As is well known, the birth certificate of the communist movement states that its members "theoretically, ahead of the remaining masses of the proletariat, have insight into the conditions, the processes, and the general results"<sup>5</sup> of social development. Life confirms the experience that a clear viewpoint is all the more important the more the times are developing. To have advance insight into the way things happen requires us to make deeper and more fundamental incursions into manifestations and substance; it also requires us not to lose sight of the horizon in the flood of information and events toward which we are moving; and not to neglect, in the face of the abundance of daily political tasks and the multiplicity of the pathways toward socialism, our joint goal, our mutual class solidarity between comrade and comrade, between fraternal party and fraternal party. That which we jointly desire we can only achieve jointly.

We joined the party of the communists because we have again found our own life goals in the communist ideals. Educated to take an active life role in the Young Pioneer organization and in the Free German Youth Movement, many of us had an early urge to join the ranks of our role models, with whom we identified, with whom we wished to struggle, shoulder to shoulder, for our ideals in the future. That which has been theoretically acquired, was

confirmed in the joint struggle: the rule of the people is not achievable without the communists and without their Marxist-Leninist party. There is no other alternative to the capitalist social goal of making a profit than to liberate man from the chains of exploitation and dependency on capital. We learned how poorly an ideal prosecutes itself, how much effort and experience is necessary, and that there can also be mistakes before reality approaches ideals. In our future path in the social virgin territory, nothing of this will change, particularly if we are to prosecute our ideals and value concepts against the ideas and value concepts of a strong and dangerous, even though very contradictory imperialistic world.

Today, the time is less than ever for a wait-and-see bivouac on the periphery of events. Life teaches that the challenges which we face jointly will only be mastered by whoever remains steadfast and is, yet, constantly on the move, by people who face work with historical optimism. Those who have changed the world in the meaning of historical progress, those who created our society, were always optimists! They had confidence in their future because they believed in themselves and could believe in themselves. They always connected that which they had already achieved with that which was yet to be achieved. Thus, we are also underway, today—we feel connected to the revolutionary traditions of the struggle and of the work, we adopt that which has been proven and leave that which hinders us behind. We hew to the goals of Marxism-Leninism without any ifs, ands, or buts, we base our approach on the best experiences and remain open to that which is new which we utilize in a new manner in the interest of socialism. In this dialectic of continuity and renewal, the GDR has grown up on the basis of the social strategy of the SED as a joint effort on the part of all classes and all strata. Today, our worker and peasant state is irrevocably the socialist alternative to the imperialist German past.

### **The GDR—An Epochal Work**

That which was accomplished in this state over the past decades is an epochal work. Socialism in our country can be experienced as the liberation from exploitation, oppression, and debasement of the people, as liberation from unemployment, and social and spiritual misery. Dignity and personal liberty are untouchable. Our state offers equal educational opportunities for all and guarantees men and women equal rights. Everyone has access to the treasures of culture and art. Our party prosecutes a sociopolitical program aimed at the material as well as the spiritual well-being of the entire people. The socialist state based on law is in the process of being expanded. Everyone is equal in the eyes of the law. An awareness of individual coresponsibility for the wealth of material and spiritual values is being promoted. We are using the socialist way of living to realize an old ideal of the revolutionary worker movement—the all-round development of the capabilities and talents of man to the benefit of the individual and of all of society. With the striving of our party and of the socialist state to accomplish an ever more comprehensive inclusion of people in

the social processes, our capabilities to ever better recognize the objective laws of development and of utilizing them deliberately to advance society is growing. This is an essential characteristic of the humanism of our socialist democracy. Consequently, its development and perfection is the principal direction in which our state power is developing. In this regard, it is undisputed that socialist development is no smooth road which has neither curves nor detours. We communists have a realistic view for facts. To those who primarily wanted to see errors in the development of socialism, Lenin said as early as 1918 with the pride of a revolutionary: "For every 100 of our errors which the bourgeoisie and their lackeys...cry out for the world to hear, there are 10,000 great heroic deeds... But even if the opposite were the case—I know well that such an assumption is inappropriate—even if for every 100 of our correct actions there were to be 10,000 errors, even then our revolution would still be great and invincible; and it will also stand large and invincible in front of world history because, after all, this is the first time that not the minority...but rather...the overwhelming majority of the workers are themselves building a new life, are making decisions based on their own experiences on the most difficult questions of socialist organization."<sup>6</sup>

Because we have reached this stage, because we are drawing permanent solutions to benefit the people from the source of social ownership and from the socialist planned economy, because our socialist German state can claim to be a reality which it will no longer be able to expunge from history, our adversaries are having such an endlessly difficult time dealing with the existence of our German Democratic Republic.

Yet in the eyes of the people of Europe, this German state is not only connected with the hope, but also the certainty that it represents no warlike threat to other nations. This is everything but a political everyday event on our continent. Here, the life plans of people were interrupted or forever destroyed by two wars over a century—each originated by German exploitation orders. Despite all the knowledge as to what remains to be done anew and despite all necessary pressure to manage more efficiently and to advance more rapidly, we never want to forget that which we achieved as a result of that turnaround of which Wilhelm Pieck spoke: In creative joint effort we have established a state in the center of Europe which—in terms of the size of its territory stands 99th and in terms of its population in 39th place in the world—and made it a constructive, reliable, and indispensable factor in European politics as well as in world politics. Pride in the accomplishment of our joint work is part of the meaning of our revolutionary struggle. The knowledge regarding that which we have created and how we achieved it remains a source of strength for us which will never dry up. The teachings of history are part and parcel of our political program.

It is part of our class obligation for us to educate each succeeding generation in the spirit of socialism, peace, and understanding among peoples, in the love toward



the socialist fatherland and toward proletarian internationalism, toward friendship with the country of Lenin and the other socialist nations, toward anti-imperialistic solidarity with the struggle of the people for national independence and social progress, toward the joint responsibility for a world without war. War propaganda, glorification of violence, hatred of people and races, fascism and neo-Naziism, militarism and revanchism are irreconcilable with our world view. Simultaneously, we recognize it as being our duty to do everything necessary to strengthen the position of peace at any time and to guarantee the protection of the accomplishments of our people. The respect and appreciation of our people is justifiably due to the members of our National People's Army and the other protective and security organs—to all those for whom the defense of socialism is an honorary obligation.

At a time which is rich in multiplicity, in which differentiated processes are under way and despite positive trends in international relationships abrupt turnarounds cannot be excluded, the people expect, more than ever before, party answers from us which meet the challenges of life and, primarily, they expect communists to set a personal example. In the propaganda for our cause, there is no better argument than our own attitudes, than our own actions within the working collective, within the service collective, and within the residential area. Even if an individual does not have the best response to a complicated question, he can nevertheless clearly indicate behind which flag he marches, which mission he feels obligated to fulfill, of which combat team he is a member. Such attitudes were learned by generations of oncoming young communists from the comrades in the anti-Fascist resistance, from the fighters in the emigre movement, from the activists of the first hour. That which we have accomplished in the GDR is worthy of being offensively defended. It includes the accomplishments of socialism which can be felt by all citizens and which are usable by all citizens, in which is found a reflection of how immediately our Marxist-Leninist party represents the interests of all by realizing its fundamental goals.

#### **The Party—That Is Every Comrade**

The party is not an abstract apparatus, not an anonymous mass, it carries the name of every comrade, it is propelled by all of our attitudes, by our activities. It is a political everyday event here and a constant personal party task at the same time when we say: wherever there is a comrade, the party speaks and acts. It is precisely in everyday situations that we see how important it is to have a clear class viewpoint and, simultaneously, to be tenacious, to defend it in every situation openly and offensively, to not shirk arguments which deal with principles and to consistently take the wind out of the sails of opposition arguments. Political conversations among each other, the well-founded discussion in the year of party training, the formation of attitudes in membership meetings, and practical political work cannot be separated from each other.

The most enduring political-ideological radiation, on the part of the party, is achieved through the activities of party groups and all of their members if everyone perceives and feels their responsibility as a member of the political vanguard. Intraparty democracy stimulates the activities of the comrades and reinforces their tenaciousness. No combat association of cobelievers can exist without mutual trust. Everyone needs the certainty of being able to turn to everyone in all situations and of being able to rely on his combat associates at all times. Our victories can only be achieved in mutual shoulder-to-shoulder closeness—this, too, is commanded by the meaning of our struggle.

Our party has a program which has become the program of our society because it reflects the current and future interests of our entire people. It is oriented toward creating the well-being of the people through the people's performance. Our course, which involves the unity of economic and social policy, identifies the economy as the decisive proving ground for our party. This is the political consequence of that simple fact—as Friedrich Engels summarized Marxist findings—“that people must primarily first eat, drink, dwell, and clothe themselves before they can engage in politics, science, art, religion, etc.”<sup>7</sup> In this sense, the fulfillment of our plans is a fundamental political task. The satisfying of the needs begins with plan fulfillment.

The authority of our party is based on the realistic nature of its program and its ability to win over all classes and population strata for the realization of the program goals. Its combat strength is dependent upon the manner in which the resolutions of the Central Committee determine the words and deeds of every comrade. Our successes result from the unity between the faithfulness with which we adhere to the resolutions, party discipline, and the alliance with the workers. This unity strengthens our certainty that we can solve the tasks confronting us.

As communists, we are consistent democrats. “Democracy and communism, insofar as the working class is concerned, are fully identical,”<sup>8</sup> wrote Friedrich Engels in 1845. In the GDR, we have always realized socialism and democracy as unity. In so doing, we never neglected the fact that sharp differences between bourgeois and socialist democracy is in accord with the objective laws of the class struggle. Our democracy of cooperation, coplanning, and cogoverning proves its superiority.

In our everyday life, it is confirmed that a politically open atmosphere predominates and readiness to exert initiative increases everywhere where we know how, on the basis of party resolutions, to raise realistic arguments, to explain connections, to justify necessities, and, simultaneously, are ready to listen patiently, to take arguments into account, and to find solutions in joint understanding. Part of the political work includes the need to take the concerns of citizens seriously, and to react consistently, but also with understanding. It was also particularly in connection with the community elections that we found confirmation as to how great the



interests of the populace were in mutual exchanges of thoughts and in the receipt of continuous information. The way the populace is directly included in the decisionmaking process and in realizing the decisions, the way they directly experience democracy, that essentially constitutes the social effect of our socialist democracy. Success and trust develop, as life has shown, most readily wherever the people's representatives and their counsels, where all those responsible repeatedly seek a dialogue with their fellow citizens and make no substantive decisions which have not previously been consulted upon with the population. After all, it is their interests which are at stake. It is an old experience: when people feel, in great things as well as in little things, that the party is there for them, they become active in realizing our policies. It is part and parcel of the meaning of our struggle to win an ever-increasing number of citizens for the conscious realization of common goals and to promote mutual trust. The political stability of our state is essentially based on this. The trust of the people in the policies of our party and the success of this policy gives rise to the trust of the workers in their own capabilities.

Experience teaches how much coresponsibility promotes collaboration and how much cooperation stimulates coresponsibility. Advice and proposals provided by citizens are generally an expression of responsibility. They demand clear responses as to which necessary changes are to be brought about or the reasons why something cannot yet be realized at present or even for some time. A clear word, even though it might be a rejection, is politically more responsible than an empty promise. Connection with the masses presumes mutual trust, but, primarily, exemplary conduct on the part of every comrade. This includes respect for people, but also individual modesty.

An active understanding of democracy has developed in many citizens on the basis of universal education which is accessible to everyone in our republic, on the basis of specialized qualifications and because of the promoted interest in political questions. Virtually every third citizen holds an honorary social or state office. This activity is reflected in many areas—like in the work of permanent commissions of people's representations, where some 186,000 citizens are included alongside the 209,000 elected delegates; in the justice system, where 60,000 citizens act as lay assessors at bezirk and kreis courts; in families, from which a parental delegate comes from every third family with school or preschool children. This perception of responsibility in society reflects our desire for the broad unfolding of democracy in the GDR. We intend to devote even more attention to this factor in the future. We understand and practice socialist democracy as the actual inclusion of people in the building and formation of society. Our democracy is provably the democracy of socialist property owners, the democracy of the interest representatives of the people and of the conscious coshapers of their state.

The seventh session of the Central Committee characterized the constant efforts to include all citizens in the

process as the fulcrum and hub of our preparations for the 12th SED Party Congress. We also consider part of this to be the political conversation with all citizens. Let us remember that the founders of our world view, throughout their life, promoted sovereign contacts and friendly relations with people whose world views differed from their own positions. The human face of socialism in our country is also manifest in the fact that we say loudly and clearly that socialism has room for all and needs everyone. These words spoken by our general secretary constitute a clear order for action.

### **Young People Take Over the Baton of the Revolution**

If we can say in the GDR today that our republic is the work of generations, then we can do so also because our party had always taken the political mission of making every oncoming generation of society aware of the values of socialism seriously. Through their inclusion in the solution of important social tasks, young people were and are enabled, on a timely basis, to take over the political power with an awareness of responsibility, a power which had been won in hard class argumentation. This responsibility of citizenship naturally does not develop in and of itself. We can see in the families themselves, in the work collectives, and everywhere how very much every young generation "approaches socialism in different ways, not in the way or in the form, or in the same situation as did their fathers before them."<sup>9</sup>

Much of what previous generations created and celebrated under conditions of great privation and the highest personal commitment as great accomplishments of the new society is perceived by the young as being a matter of fact in their socialist everyday life. Added to this is the fact that the world-openness of our life includes the fact that we not only measure the results themselves in terms of ourselves. It is all the more important to familiarize the young people, in confidential discussions, with the pride their parents have in what they created and, simultaneously, to point out their own proving grounds in the society. This principle of our youth policy is not only aimed at the great social missions, but applies everywhere. "It is repeatedly confirmed that immediate participation in the affairs of the community is the best way of fully utilizing one's democratic rights and obligations. Coresponsibility and specific actions to bring about necessary changes have always been better than fault-finding and know-it-allism."<sup>10</sup>

Every new generation wants to bring its own things to society and desires to grow beyond the level of awareness of the values of socialism with regard to that which was achieved. The Whitsun Congress of the FDJ underscored numerous ways how ready and capable the young people of our country are to take over the baton of the socialist revolution. Young people see the best prerequisites in our socialism, which faces the people, for realizing their own plans for the future. They trust the policies of our party and acknowledge it with their initiatives. This is

also reflected in the desire of many members of the FDJ to be accepted into our ranks in preparation for the 12th party congress. Accountable party missions and openness with respect to all of their questions are the best way of demonstrating confidence in these young candidates.

To win over the youth presupposes that a dialogue will be present wherever they work and spend their free time—above all, again and again within their own families. Young people have a great respect for life experiences and combat-tested contemporaries who demonstrate agreement in word and deed, both at the enterprise and also in the home. They have a fine feel for detecting where the acknowledgment of our ideals represents a lifetime acknowledgment or where it is possibly only lip service.

Much like Marxist-Leninist theory must be carried to the masses in order to become a material force, spiritual, cultural, sociopolitical, moral, and esthetic values do not find their way automatically into the human consciousness. They must be creatively adapted and passed on. Their fine-feeling, convincing transmission to young people is an essential component of our political struggle; after all, what is involved here is the dissemination of the meaning of life of Communists. We want to familiarize the new generation with the history of our worker and peasant state as the successful acid test of their parents and grandparents in the class struggles of their times. We help them to understand the legality of our epoch and to take their own historic place. This is in the best traditions of the German Communists.

To understand the young people—and this includes supporting them in all sectors of life, to acquire a clear picture of the world and of the times, to identify friend and foe, and to perceive human history, which they are continuing, as the history of class arguments. Wherever we are not present, there is room remaining for others and other things. We need patience and a readiness to react to the life conceptions of young people with understanding, we need to ask about causes of attitudes and behavior, we need to dispute about viewpoints in a partnerlike dialogue, and, in addition to our own words, also leave sufficient room for the words and creativity of young people.

The ideals and values which were followed by previously born generations remain also for the succeeding life orientation. They are not some kind of anticipation of a transfigured ideal world, but, rather, are both manifestations of an already achieved socialist reality, as well as signposts for our political struggle. It is part of the responsibility of all of society to enable young people both politically and also professionally to be able to deal with the lasting results emanating from this strengthening of socialism on German soil.

We justifiably consider ourselves a revolutionary combat community of cobelievers. This proud word was won by generations of communists as a result of their tenaciousness, class solidarity, and alliance with the people. We

feel obligated to hew to this tradition. Our strength lies in our joint action, in our unity, and in the consistency of the party. It lends us a historical optimism and confidence in victory, it provides us with the certainty of the triumph of socialism—the meaning of our struggle.

#### Footnotes

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3. Wilhelm Pieck, "At the Turning Point of German History," "Reden und Aufsätze" [Speeches and Essays], Vol 2, Dietz Verlag, Berlin, 1951, p 303.
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5. Ibid., p 474.
6. V.I. Lenin, "Letter to the American Workers," "Werke," Vol 28, Dietz Verlag, Berlin, 1959, p 59.
7. Friedrich Engels, "The Funeral of Karl Marx," "Werke," Vol 19, Dietz Verlag, Berlin, 1962, p 335.
8. Friedrich Engels, "The Recent Bloodbath in Leipzig—The German Worker Movement," "Werke," Vol 2, Dietz Verlag, Berlin, 1957, p 560.
9. V.I. Lenin, "Youth International (Notice)," "Werke," Vol 23, Dietz Verlag, Berlin, 1968, p 164.
10. "With Marx, Engels, Lenin Our Revolution Remains Young," JUNGE WELT; exclusive interview with Erich Honecker, NEUES DEUTSCHLAND, 9 Feb 1989, p 4.

#### New SED Working Committee Head Interviewed

90EG0074A East Berlin WOCHENPOST in German  
Vol 36 No 45, 10 Nov 89 p 5

[Interview with Prof Dr Herbert Kroker, chairman of the SED [Socialist Unity Party of Germany] Working Committee since 3 December 1989, by Ingo Preusker, WOCHENPOST editor: "No Miracles Can Be Expected"; date and place not given]

[Text] WOCHENPOST: Throughout the country penetrating questions are being asked with regard to developments thus far. How does that affect you at your plant?

Herbert Kroker: A great number of accumulated problems are being discussed. There is a lot of soul searching about why there has not been any openness in our media policy until now. Quite a few of the workers and engineers are asking why the responsible officials at all levels have held one official and one private view for such a long time. Expectations at the plant are running high.

WOCHENPOST: What would you do to bring about permanent improvements in our economy?

Herbert Kroker: I've got a great many problems on my mind. Let me cite just a few: the structure and proportionality of our economy, its export potential and earning power; investments and performance evaluation; the cost-benefit ratio. I also see many problems regarding quality, motivation, codetermination, discipline, etc.

Although our economy is in a difficult situation at present, I am convinced that it will get back on track. We have a great deal of potential. If things are discussed openly, this will enhance dedication and improve our chances to solve our problems. We must not expect miracles to happen overnight. On the contrary: it will take a lot of imagination and dedication to bring about gradual change.

WOCHENPOST: The industrial plants did not cause many of the problems such as antiquated capital assets and shortages of material all by themselves. What do you expect the responsible economic agencies to do?

Herbert Kroker: The economy cannot afford to indulge in wishful thinking. It is governed by strict rules which every manager must follow in accordance with his responsibilities.

In the course of 4 years our plant has succeeded in raising the output of higher use-value machinery by 40 percent. We built more machines than ever before. Nonetheless, we still have a lot of problems. In mechanical manufacturing, for example, we are unable to fill our need for spare parts for mobile cranes. Working and living conditions in the entire auxiliary process, particularly in the storage sector, are poor. There are deficiencies in the technical preparation of production processes. Our technology is antiquated, etc. In some of our basic industries, above all in the foundries, a lot has to be done to improve working and living conditions. All of that will only be possible if we increase efficiency and investment.

We have a plan which spells out what we intend to achieve over the next few years. Our workers have also been told what these goals are. But I also expect our superiors to come up with solutions which tell us how we can get our economy back in shape—and I am sure that they will.

In the fifties and seventies, the population of the GDR could both see and feel how cooperation works out to the benefit of all. In the eighties, there were growing discrepancies between the reports of success in the media and real life.

Objective budgeting and accounting of the productive capacity of the economy should be instituted down to the individual plants. The planning goals in the principal sectors should be decided on the basis of expertise and know-how and not by higher authorities. If that is done,

the sense of responsibility and the principle of codetermination will become more prevalent and will bear fruit.

WOCHENPOST: There are those who say that everyone should just work hard at his own job and then things would get better again. Doesn't that make light of the pervasive discrepancies?

Herbert Kroker: Of course we must get to the point where everyone works as hard as possible at his job. I would say that most workers come to the factories in order to work. It is the manager's job to see to it that the work gets done and that the individual jobs are properly defined, standardized, controlled, and accounted for. Everyone must be able to tell by the content of his pay envelope whether he has done a good job or not. Work calls for a combination of authority, discipline, and codetermination.

But that is not enough. We must also increase our earnings and pursue an economically efficient investment policy. We are not simply talking about percentages but about the structure of capital goods and the synchronization of money, goods, and balance sheets. That is something we will also have to fix as well as the ratio between purchasing power and the availability of goods. Most of the time our plant has the necessary funds but we cannot buy what we need, e.g., reliable, higher quality machine tools; technology for our foundries; modern welding equipment; transportation and transshipment technology; spare parts for machine tools, etc.

Shortages are difficult to manage. Higher prices are not the answer. Those who have the funds and the manpower must earn more than one mark for every mark made available in any given year. Innovation in the production process will have to make us rich. All that is a standard against which social benefits are measured.

We have no choice but to compare our economic performance with that of the world market. National efforts and output are important for gauging economic growth—but only in terms of quantity, use-value, and money value. But if our hard currency profits keep declining year after year, we will lag behind the competition more and more. At some point, our society must define the acceptable limits of hard currency profitability and reach its economic decisions accordingly.

WOCHENPOST: What has to be done in order to strengthen the role of the industrial plants and to reduce unnecessary bureaucracies so that they can no longer interfere in the decisionmaking process of the individual plants?

Herbert Kroker: I also believe that the industrial plants need to be given more authority in handling their own affairs, especially as regards greater productivity and efficiency, accounting procedures and full responsibility for earning their own capital. The higher authorities have their hands full with working out economic policy on the basis of social strategy and setting the course for the years and decades to come. In this connection, we

will not be able to avoid changing our pricing system and establishing flexible exchange rates between our own currency and that of other countries. To put it in a nutshell: our currency must become a hard currency. That is the real basis of running an economy. The sum total of all goods must be equal to the sum total of all values in the proper structure. This, in turn, calls for the meaningful application of the law of value.

Only a few selected plants in the key technology field will be able to obtain government subsidies. Capitalist countries operate in the same manner. There will always be some sectors of the economy that need to be subsidized. But that must not result in violations of the efficiency and economy principle or in irresponsible handling of social property.

I favor the radical simplification of our planning system and the development of process planning procedures according to the cost benefit principle while paying close attention to social priorities. I am not one of those managers who is always saying that all the higher authorities are interfering too much in the operation of our industrial plants. It takes two to tango. My own experience with these agencies over the past 20 years has been good. Our mutual trust was based on plan fulfillment in terms of unit quantities, value, and efficiency. Of course there were a lot of problems, too; contradictions and impossible amounts of unproven production figures and goals, up to and including the FDJ [Free German Youth] plan. I was never really convinced of the fact that those in the capital or outside the plant had all that much of an idea of production details. But that is not really the job of the central administration. It would be helpful if simplification of the planning system and higher-quality management were to free some qualified personnel for working level operations.

WOCHENPOST: Is the GDR's labor force too small? Or do we need to do no more than cut the bureaucracy down to size, as many people are saying these days?

Herbert Kroker: It goes without saying that our economy could use more manpower, particularly in services, in commerce, transportation, and public health as well as in industrial production. Each and every worker who has left the country is one too many. But I am not partial to "what-if" calculations, e.g., cutting down on managers and administrators as a means of solving our problems in technology, in the rationalization field, in mechanical engineering, and material production. This particular view which is being propagated by some government agencies does not demonstrate a great deal of knowledge of work life and of the real social situation. For example, can a woman who has done good office work for decades now be expected to work efficiently in some commercial capacity, in public health or elsewhere? Or has it ever been possible to turn some administrative assistant into a lathe operator working one 8-hour shift out of three?

If the efficiency principle is applied properly, we will be able to make greater progress on the strength of our

engineers' imagination and our skilled workers' sense of honor than with fruitless talk of percentages gained by cutting down on management and administration. In my view, we should calculate soberly and make the best possible use of training, advanced training, and reasonable retraining programs. In our own plant we expect to reduce our staff by about 300 workers and still to increase our annual output with the help of technical innovation until the mid-nineties. This will be taken care of by normal fluctuation.

To be sure, it makes one think when one adds up the number of people employed by the combines and central administrations and sees how many officials have a hand in planning for and controlling a plant employing 1,000 workers.

WOCHENPOST: Speaking of calculations, in the past our economic reports frequently gave one the impression that percentages was all there is to mathematics.

Herbert Kroker: You know, I am dealing with farmers these days. It always makes me happy to find that farmers do not speak of percentages but only of the yield per hectare or farm animal. This might well serve as an example to one and all; to draw conclusions for their own activities, to measure results against use-value and distributable end products, since this is what constitutes the true riches of a society.

#### **Leipzig Meeting Criticizes Media, Furthers Dialog**

90EG0033B Leipzig LEIPZIGER VOLKSZEITUNG in German 16 Oct 89 p 3

[Article by Bernd Locker: "Perceptible Change Through Dialog"]

[Text] "We want public, honest, and constructive dialog among everyone who is interested in advancing democracy and socialism. We demand that our mass media create a platform for this that is open to everyone. Our cabaret has the opportunity to get involved using artistic means and to stimulate changes. We do not want to be an island and act merely as an outlet for a socially necessary confrontation."

These are thoughts from a commentary on the current political situation by Leipzig "academixers." On Saturday [14 Oct], the cabaret artistes confirmed with deeds their pronouncements made at the beginning of last week: Their meeting with cabaret friends and visitors during the Leipzig "Days of the Arts" took place with the subject being "media policy."

In attendance were roughly 400 university students and workers, cabaret artistes and journalists, artists and scientists; also in attendance were the famous painter and the young worker from a large concern, the amateur cabaret artiste and the chief editor alike, such as the chief editor of the LEIPZIGER VOLKSZEITUNG. They all

were in this discussion together, independents, Christians, communists, coalition members, representatives of the New Forum, delegates and functionaries from state and parties—social dialog by everyone with everyone in full action and actual practice.

The atmosphere is charged with emotions. The media remain the center focus even though—and how could it be otherwise considering the subject—the discussion moves into other areas: Understanding democracy and socialism, the most recent reaction from the politburo... The lack of discussions tolerated and endured for years and years shows deep effects: One individual feels himself ridiculed by the call for discussion, another thinks nothing but cosmetics is behind the changes that became visible in some of the media within the past few days.

Such a suspicion is bitter but must be tolerated. One participant in the discussion, SED [Socialist Unity Party of Germany] member for 31 years, who is agitated because of nonpublication of his criticizing letter in response to the LVZ [LEIPZIGER VOLKSZEITUNG] report on the demonstrations by 70,000 Leipzigers last Monday, gives a respective admonition and emphasizes: If we want to have a dialog, if we want to debate this, within society and my party alike, then we must learn to tolerate certain things.

Questions and opinions from the discussion: Why don't our media analyze social issues in more depth, why is there such a lack of research? Constantly calling the citizen merely the "performer" does not correspond to socialist democracy as it should and must be. Is the press, in a new way, willing to be receptive to all social forces that want to advance socialism or will it do the only thing it is capable of—campaign?

Revitalization of the Marxist-Leninist thought culture is the demand expressed by one female visitor who elucidates citing the example of the vague application of the term "the people" in political usage: as is well known, the people in the GDR are comprised of classes and social strata with both common yet also very different interests... Massive protest is directed toward the LVZ because of a recently published militia group commander's request for leave to speak. An elderly comrade, member of the militia group, with obvious emotion reconfirms, while citing his own experience as an example, the assignment of the militia groups: safeguarding citizens and socialist achievements against declared enemies of socialism. The publication in the LVZ in a situation charged with tension has produced a grave misunderstanding among many, which has to be cleared up quickly.

The upshot of the answers given by chief editor Rudi Roehrer in response to the many critical questions and opinions: Criticizing the media means criticizing the LEIPZIGER VOLKSZEITUNG as well. We must draw our conclusions from this—with regard to the paper's being in touch with realism, representation of realities, specifying problems that have come to a head and those

yet to be solved, and also regarding effective topical information. We must promote to the fullest the dialog with citizens and with anyone who is concerned about a better socialism. For, however open-minded we are, socialism will never be relinquished by us.

Responding to doubts with regard to the party's preparedness for dialog, Jochen Pommert, secretary of the SED bezirk management said: Feeling fully responsible for our continued social development, the SED is in favor of dialog and wants to arrive at noticeable changes with this approach. This is not just a pronouncement for today but it is an essential factor in achieving visible results for people by applying solid policy.

The above represented only a fraction of the thoughts derived from that 3-hour discussion. What seems significant to me—it showed the basic approach for what has to be learned without fail if there is to be a dialog on the further development of our society: approaching one another, really listen to one another, revive stagnating partnerships, strive for and establish new ones, strengthen mutual trust, regain lost trust.

## HUNGARY

### Republic Declared on Anniversary of 1956 Revolution

#### Public Invited to Ceremony

90EC0071A Budapest MAGYAR HIRLAP in  
Hungarian 23 Oct 89 p 3

[Unattributed report: "The National Assembly's Notice to the Country's Citizens"]

[Text] The Hungarian National Assembly extends this invitation to the country's citizens:

"We hereby notify the people that the Hungarian Republic will be proclaimed on Monday, 23 October 1989, in Budapest at Kossuth Square. Every Hungarian citizen and foreign guest is welcome to this solemn event."

According to information from MTI [Hungarian Telegraph Agency], the ceremony will begin at 11:45 am on Kossuth Square, in front of the Parliament Building. Beforehand the national flag will be raised ceremonially. A military honor guard will line up on the square in front of the Parliament Building. Leading officials of foreign diplomatic missions will be present at the ceremony. At noon, Matyas Szuros, president of the National Assembly and interim president of the republic, will proclaim the Hungarian Republic from the balcony of the Parliament Building.

The afternoon programs on 23 October will be organized by a volunteer committee formed for this purpose. The President of the National Assembly has offered the steps of the Parliament Building for the commemorative speeches. Groups congregating at various points in the

capital are expected to arrive at the Parliament Building after 6:00 pm; the central commemoration will begin after that. Police and volunteer activists will jointly safeguard the undisturbed completion of the program. At 12:00 noon on Monday, 23 October, TV channel 1 will broadcast a live report from Kossuth Square on the solemn proclamation of our country's new form of government. Because of this, all morning programs will begin a half hour earlier.

### **Memorial Mass for 1956 Held**

*90EC0071B Budapest MAGYAR HIRLAP in Hungarian 23 Oct 89 p 3*

[Report by B.K.: "Monument to the Dead Heroes; Mass of Reconciliation on 23 October]

[Text] During the past decades every passerby has prepared himself mentally for, and has not been surprised at meeting with a police squad on the eve of 23 October, even in the Kerepes Cemetery; this year, however, these drafted policemen did not drive those going toward lot No 21 away, but instead showed them the way and directed traffic toward it. And indeed, they were needed, for several hundred people congregated there on Sunday afternoon at this national memorial: in honor of the '56 street fighters who died, and find their final resting place here, in honor of their family members and relatives and friends in arms who perished here.

We have already reported that the Association of Political Prisoners and the Hungarian Democratic Forum [MDF] have organized a good will committee. The dedicated and committed members give up their Saturdays to restore to dignity that part of the national cemetery which had become a national disgrace, that parcel of the cemetery which had been abandoned and where the heroes of 1956 rest. It was entrusted to the care of the good will committee.

A crowd sang the National Anthem in the recreated cemetery parcel where torches burn and national flags with the holes in the middle wave on posts. Laszlo Maroti spoke in the name of the MDF's Budapest eighth district organization. Then ministers of various churches consecrated the wooden head posts and symbolically blessed all 300 grave sites where the earthly remains of the deceased lie.

### **Monument to 1956 Martyrs**

*90EC0071C Budapest MAGYAR HIRLAP in Hungarian 23 Oct 89 p 3*

[Text] The 33d anniversary of the 1956 people's uprising was commemorated Saturday in Vac. After the singing of the Appeal [almost a second National Anthem, a poem by Vorosmarty], in the packed auditorium of the Bela Bartok Conservatory, Jeno Fonay, president of the Hungarian Political Prisoners League, delivered a short speech. He commemorated all those from Vac and

Nagymaros by name, including high school teacher Arpad Brusznay, who fell victim to the post-1956 reprisals.

In Szolnok, the opposition parties and organizations dedicated a temporary memorial on Sunday, commemorating in a ceremony the events of October, 33 years ago. The carved oak memorial was erected on Gutenberg Square. Hundreds of people placed flowers of reverence at its pedestal to honor the heroes who fell during the uprising.

An exhibition of Ferenc Fuszenecker's photographs, under the title of "Reverence and Last Tribute (Lot No 301)", will open today, Monday evening at 6 o'clock, in the entrance hall of the Godollo Cultural Center. The exhibition, which was organized by Godollo's opposition circle to commemorate the 1956 revolution and which will be open daily until 4 November, will be opened by National Assembly Representative Gabor Roszik.

In the spirit of national reconciliation, a conciliatory Holy Mass for the victims of 1956 will be held on Monday evening, 23 October, at 7 o'clock in the Church of Reconciliation's crypt under construction in Kelenfold (149 Bela Bartok Street, Budapest XI).

### **Prizes, Awards Announced**

*90EC0071D Budapest MAGYAR HIRLAP in Hungarian 23 Oct 89 p 3*

[Excerpt] The first babies to be born on 23 October in five various cities of the 1956 people's uprising, within the hour after the declaration of the republic, that is, between 12:00 and 1:00, will receive stocks valued at 1,000 Swiss francs. This was announced at the memorial exhibition on Sunday by Laszlo Molnar, executive director of the Radius-Hungaricus stock corporation. [passage omitted]

## **POLAND**

### **New Ministers Respond to Government Daily's Statement Requests**

#### **Paszynski on Housing**

*90EP0036A Warsaw RZECZPOSPOLITA in Polish 16-17 Sep 89 p 1*

[Statement by Aleksander Paszynski, Minister of Land Use Management: "What the First Decisions Will Be"]

[Text] "My situation is better than that of many of my fellow ministers. The first decisions will involve putting order in the provisions of the law and not creating it from scratch. I will begin by forming a working group that will be able to develop a revision of the provisions of the housing laws. The major issue is setting up a free market in apartments. If we do not introduce such a market, we will continue to mark time in place, we will remain at the threshold of a new housing policy. We

must remove the barriers that keep people from desiring to make money from selling and renting apartments.

"The second problem to be rapidly solved is simplification of the legal formalities for those building single-family dwellings. The construction cycle for such a house lasts an average of 5 years in Poland, and usually longer rather than shorter. In many cases, it is artificially extended; the person building a house delays completion until his children grow up and take over the apartment he previously occupied. Everyone knows about this, and everyone agrees to it.

"We shall break open this vicious, fictional circle. We will attempt to sanction what is common practice in any case. If the person building the house has a guarantee he can leave his current apartment to his children, the results of construction will be different; fewer materials and money would remain 'frozen' on these small construction sites; the waiting list for apartments would look different. Practice teaches that people will hold out for their own position in any case. Why fight for a lost cause, better to help them build more rapidly. In any case, we get the benefit of these children not being on the waiting list for apartments.

"Obviously, this requires carefully written provisions, and, thus, I would like to assign this problem, the most pressing one, to the working group for resolution. Let us hope that society will get satisfactory solutions of both issues."

#### **Syryjczyk on Enterprise, Property**

90EP0036B Warsaw RZECZPOSPOLITA in Polish  
16-17 Sep 89 p 1

[Statement by Tadeusz Syryjczyk, Minister of Industry:  
""What the First Decisions Will Be"]

[Text] "I am aware of the existing differences between the tasks assigned to the Ministry of Industry and the minister personally and society's numerous expectations, on the one hand, and the capacity to act directly and indirectly provided by the legal provisions, on the other hand.

"As minister of industry, I get the impression that society expects many guarantees from me. For example, guaranteeing specific products for agriculture, the health services, or social welfare needs. But, under the existing economic and legal system, the capabilities of the minister in this area are positively limited.

"Understandably, we must move in the direction of ultimately putting market mechanisms into action and not in the direction of demanding broader use of direct control by the minister. Taking into consideration the fact that the ministry must influence about 1,500 enterprises and more than 150 research institutes and research and development centers, the use of administrative measures is rather impossible.

"I support and intend to support a broadening of the range of private ownership and also independence for enterprises, which for various reasons will remain state-owned. In the current situation, some spheres, however, demand continuing direct intervention, which is sometimes justified by the lack of market mechanisms, sometimes by cooperation with centralized economies.

"I would like to present myself as an active and energetic minister. I am, however, a determined opponent of voluntarist decisions unsupported by thorough knowledge, that aim only at appearances. At present, I am preparing to decide. I have asked the leadership of the ministry to collect the materials of interest to me; I am getting reports from experts representing varied points of view. On the basis of these materials, I want to make decisions and prepare government decisions. Further, on Saturday I have a meeting with the Economic Committee of the Council of Ministers, and on Monday, a meeting of the Council of Ministers which will settle on a strategy for action. As regards changes, however, they will be made in accord with the binding legal provisions and respect the agreements made or the obligations assumed in the name of the state."

#### **PZPR Voivodship Plenums: New First Secretaries; Party Program**

##### **Konin: Election of Andrzej Krutki**

90EP0072A Warsaw TRYBUNA LUDU in Polish  
25 Sep 89 p 2

[PAP report: "Andrzej Krutki First Secretary of Konin Voivodship Committee"]

[Text] Konin—On 23 September 1989, the Konin PZPR Voivodship Committee held its plenum; Zbigniew Michalek, member of the Politburo and secretary of the Central Committee, participated. The plenum was devoted to organizational issues and outlining plans for the work of the voivodship organization through the 11th Congress.

Lech Ciupa resigned as first secretary of the Konin Voivodship Committee; he had served for three terms. The resignation was accepted. Andrzej Krutki, previously a secretary of the Voivodship Committee, and Roman Sroczynski, a deputy head of a section of the Secretariat of the commission for Party Work of the PZPR Central Committee, competed for the position. In a secret ballot, Andrzej Krutki was elected.

During the plenary debates the participants said that conditions must be created for all party units to present freely their differing views on the future of the PZPR, its program, and its charter. Proposals were made to call the congress as quickly as possible.

### **Lodz: Disarray, Poorly Supplied**

90EP0072B Warsaw TRYBUNA LUDU in Polish  
25 Sep 89 p 2

[Text] On 23 September 1989, the PZPR Lodz Voivodship Committee held a plenum; it too considered organizational issues. A change in the first secretary of the Lodz party organization in response to an open letter to the PZPR voivodship organization from the Polmerino plant did not satisfy everyone. The members of the party, and not just they, thought that the issue was not just a question of "heads." At least not in the party. A poorly supplied Lodz already has pretensions to the new government although it wishes it well and is counting on it. But in this city, which is without a president for the fourth month in a row, judgments are beginning to be ambiguous.

### **Olsztyn: Congress Preparations**

90EP0072C Warsaw TRYBUNA LUDU in Polish  
25 Sep 89 p 2

[Text] The plenum of the Olsztyn PZPR Voivodship Committee discussed the tasks of the voivodship party organization prior to the 11th Congress. No party member can remain indifferent to the issues associated with the upcoming congress. As the judgments voiced during the plenum show, proposals for modern changes in the party, for broader support for reform, for consolidating and promoting the ideological goals of the PZPR are coming from a number of basic party organizations.

The plenary deliberations are to continue next Thursday. Tadeusz Jelski, first secretary of the Olsztyn PZPR Voivodship Committee, presided over the meeting.

### **Przemysl: Talks in Lieu of Plenum**

90EP0072D Warsaw TRYBUNA LUDU in Polish  
25 Sep 89 p 2

[Unattributed report: "Informational and Discussion Meeting Instead of a Plenum of the Przemysl PZPR Voivodship Committee"]

[Text] Slawomir Wiatr, who went to a plenum of a voivodship organization as a secretary of the Central Committee for the first time, participated in an informational and discussion meeting. On 23 September 1989, the two-thirds of the membership of the Voivodship Committee required for the Committee to make binding decisions did not attend. What obstacles stood in the way of those absent? A free Saturday? The good weather for mushroom picking?

### **Lodz Plenum Continues, New Leadership**

90EP0072E Warsaw TRYBUNA LUDU in Polish  
27 Sep 89 p 2

Article by Jan Kraszewski: "Plenary Deliberations of PZPR Voivodship Committees; Lodz: New Secretaries"]

[Text] The second portion of the plenary session of the Lodz party organization devoted to organizational matters was held on 26 September 1989.

Adam Walczak, first secretary of the PZPR Lodz Voivodship Committee who presided over the deliberations, recalled the recommendation previously made calling for the three secretaries of the Lodz Committee to resign from their positions.

The plenum acted favorably on the recommendation.

Next the first secretary nominated Andrzej Grudzinski, currently first secretary of the Lodz-Gorna PZPR District Committee, and Karol Stryjski, a scientific worker at the Inter-University Institute for Political Science, for the secretary positions. The plenum elected them to the positions in a secret ballot.

It also made changes in the membership of the Executive [body] and the plenum.

The participants also discussed proposed structural and organizational changes at all levels of the voivodship organization and business endeavors.

### **Sieradz: New Left Party Called For**

90EP0072F Warsaw TRYBUNA LUDU in Polish  
27 Sep 89 p 2

[Article by Slawomir Darzycki: "Sieradz: Only Looking Into the Future is Appropriate"]

[Text] What kind of party? What kind of program? When is the congress to be held? These were the main questions posed during the plenum of the Sieradz PZPR Voivodship Committee on Tuesday. It was one of the shortest meetings ever, but one of the richest in content.

Discussion centered on the proposed party program in light of the discussions held in the party organizations in Sieradz Voivodship.

Waldemar Zmaczynski, director of the Isolacja [enterprise] in Zdunska Wola, proposed a new name: the Polish Labor Party. "The new leftist party," he explained, "which is to be formed and will want to gain social recognition, must separate itself from the practices and remains of stalinism."

Edmund Jagiello, a doctor and deputy from Osjakow, emphasized the congress: "It would be," he said, "an open forum for the Polish left, a direct exchange of views, even the most extreme ones."

In turn, Zbigniew Jasinski of the Warta Cement and Limestone Plant in Dzialoszyn emphasized that the party program should be a reflection of the attitudes of the party rank-and-file. "If," he said, "the party bureaucrats develop the program, it will be incomprehensible and filled with slogans."

The recommendations of the plenary discussions, over which Miroslaw Czesny, first secretary of the Sieradz



Voivodship Committee, presided, were recorded, and, together with the document prepared, they will be submitted for discussion by all of the party organizations in the voivodship. In the middle of October, the second portion of the plenum will be held, and at that time, the final version of the program will be adopted.

"In Sieradz, we are not so ambitious as to propose a national Polish program," said Mirosław Czesny, "but if two or three points in the program are developed by us, then we can take satisfaction in having contributed to the creation of the future of the party."

The voivodship congress commission was also formed during the deliberations.

### Szczecin: End to Self-Recriminations

90EP0072G Warsaw TRYBUNA LUDU in Polish  
27 Sep 89 p 2

[Article by Henryk Prawda: "Szczecin PZPR Voivodship Committee Plenum: Our Disarray Delights Our Opponents"]

[Text] We must shake off the torpor, end the constant complaining, stop pounding ourselves on the chest. Such an attitude paralyzes the party members and shifts the party itself into idle. The majority of the discussants expressed such an opinion during the plenum of the Szczecin PZPR Voivodship Committee on 25 September 1989.

"Without undertaking active effort in our places of residence, winning in future elections for self-governments is impossible," said Joanna Grzesiak, an employee of the Warski Shipyard. "Routine work with the current council members or setting up times for meeting with people in party offices will produce nothing of use to us," she added.

"We have lost much," said Deputy Jacek Piechota. "We can lose even more, if we do not win over the most worthwhile young people, the active members of the people's councils, deputies, party leaders in the economy and the state administration. We should treat all of these people as our activists with whose aid we should reach the broadest layers of society."

Zbigniew Turkiewicz, director of the Center for Culture and Information of the Polish Steamship Company, protested sharply against attempts to remove party committees and organizations from the plants by some units of Solidarity. Cezary Zdieszynski, chairman of the Organizational Commission of the Swinoujscie PZPR City Committee, expressed a similar opinion and his solidarity with the energetic position of the Slask party organization in defense of the Kazimierz-Juliusz Hard Coal Mine Factory Committee.

Stanisław Miskiewicz, first secretary of the PZPR Voivodship Committee, spoke in favor of party unity. "The greater our disarray, the greater our opponents'

chances. Preparations for the 11th congress are a good way of uniting the party members."

In the resolution adopted, the Voivodship Committee plenum gave full support to the political contents of the 15th Central Committee plenum.

### '8 July' Reformer on Proposed Social Democratic Party

90EP0113A West Berlin DIE TAGESZEITUNG in German  
13 Oct 89 p 7

[Interview with Kazmierz Kik, "8 July Movement" reformer, in Warsaw, by Klaus Bachman, date not given: "We Are a Social Democratic Movement"]

[Text] [TAGESZEITUNG] A few days ago the Hungarian Workers Party voted to dissolve itself and turned itself into a socialist party. Is that the model for your "8 July Movement"?

[Kik] The changes that are taking place in our party are moving in the same direction. Concerning a party program, I also see a great similarity to what has happened in Hungary. That would also be an optimal solution here. But there are differences: We are building a new party from the bottom up, and it is our view that, in the course of the elections for delegates to the party congress, new party leaders will emerge from the grassroots who are truly credible. We believe that no member of the current leadership could be accepted at democratic elections by a party congress with social democratic tendencies.

[TAGESZEITUNG] That means splitting the party?

[Kik] It depends. If they are willing to take second place to the matter at hand and accept the democratic decision, then I cannot imagine that a democratic party will throw them out. They will certainly be able to remain members, even if it is without any great chance of being able to assume a leading role.

[TAGESZEITUNG] Is the present leadership on your side as far as the program is concerned?

[Kik] It's hard to say. The majority of the leadership is certainly reform-minded—Rakowski initiated the reforms after all—but we have taken it a little farther than he intended. But we are making every effort not to let ourselves be used as an instrument for any one person in the leadership. Their positive attitude toward us is linked to the fact that we have brought some life into the party. No party leadership can really reject that.

[TAGESZEITUNG] Probably also because everything that is reform-minded is fashionable at the moment. Are you not afraid that people who actually have nothing in common with you in terms of content will attach themselves to the "8 July Movement," people who only want to bet on the right horse and will push the whole thing into something nonbinding.

[Kik] This is why we have to adopt clear, extreme positions, polarize, put the thing on a razor's edge. We are a social democratic movement, with all the resulting consequences.

[TAGESZEITUNG] What does that mean exactly in Poland—social democracy?

[Kik] The same as in Western Europe. Although it will be more radical in this country.

[TAGESZEITUNG] In which direction?

[Kik] In representing the interests of the working population. The Social Democratic parties of Western Europe, particularly when they are in the government/ the ruling party, pursue more of a liberal economic policy, even if it is not planned in the party program. In our country protecting the workers' interests will take precedence from the outset, especially under the conditions of resolving the economic crisis. We also do not accept the restoration of capitalism in Poland, while the Western Social Democratic parties have reconciled themselves to capitalism in their countries. We think there is still room for a specific solution between traditional capitalism and what we have had here for the past 40 years, a socialized, but not nationalized economy with private, cooperative, and socialized enterprises enjoying equal rights.

[TAGESZEITUNG] In your statement, it says the 11th Congress of the PZPR [Polish United Workers Party] will simultaneously be its last and the first one of the new party.

[Kik] That is our program: for the PZPR to dissolve itself, to separate itself from all the negative elements from the past and to establish a new party on this basis. We do not believe that all former members of the PZPR will join the new party, but perhaps one-third of them will.

## ROMANIA

### Appointment, Removal of Officials

90EB0123C Bucharest BULETINUL OFICIAL in Romanian 21 Oct 89 p 3

[Text]

### Presidential Decree on Appointments and Releases

The president of the Socialist Republic of Romania decrees:

Article 1—Comrade Vasile Bulucea is released as minister secretary of state at the State Planning Committee.

Article 2—Comrade Major General (Air Force) Puiu Nicolae Dumitru is released as head of the Department of Civil Aviation.

Article 3—Comrade Gheorghe Zarnescu is released as deputy chairman of the State Planning Committee and

appointed deputy minister of transportation and telecommunications and head of the Department of Civil Aviation.

Nicolae Ceausescu, President of the Socialist Republic of Romania  
Bucharest, 20 October 1989, No 140

### People's Councils Officials Appointed

#### 27 September Presidential Decree

90EB0123B Bucharest BULETINUL OFICIAL in Romanian 27 Sep 89 p 1

[Text] On the basis of Article 97 of Law No 57/1968 on the organization and functioning of people's councils,

The President of the Socialist Republic of Romania decrees:

Article 1—Comrade Nicolae Beuran is appointed first deputy chairman of the Executive Committee of the Galati County People's Council.

Article 2—Comrade Alexandrina Diaconescu is appointed first deputy chairman of the Executive Committee of the Suceava County People's Council.

Article 3—Comrade Ion Geana is appointed first deputy chairman of the Executive Committee of the Mehedinti County People's Council.

Article 4—Comrade Aneta Slivneanu is appointed first deputy chairman of the Executive Committee of the Braila County People's Council.

Article 5—Comrade Iosif Florea is Appointed first deputy chairman of the Executive Committee of Prahova County People's Council.

Article 6—Comrade Dumitru Pruna is appointed deputy chairman of the Executive Committee of Gorj County People's Council.

Article 7—Comrade Ion Munteanu, director general of the Agricultural Directorate of Calarasi County, is appointed deputy chairman of the Executive Committee of Calarasi County People's Council.

Nicolae Ceausescu, President of the Socialist Republic of Romania  
Bucharest, 26 September 1989, No 125

#### 21 October Presidential Decree

90EB0123D Bucharest BULETINUL OFICIAL in Romanian 21 Oct 89 p 3

[Text] On the basis of Article 97 of Law No 57/1968 on the organization and operation of people's councils,

The president of the Socialist Republic of Romania decrees:

Article 1—Comrade Nicolae Matei is appointed first deputy chairman of the Executive Committee of Bistrita-Nasaud County People's Council.

Article 2—Comrade Costica Chitimia is appointed first deputy chairman of the Executive Committee of Calarasi County People's Council.

Article 3—Comrade Dimitrie-Virgil Marcosanu is appointed first deputy chairman of the Executive Committee of Cluj County People's Council.

Article 4—Comrade Ion Popa is appointed first deputy chairman of the Executive Committee of Dimbovita County People's Council.

Article 5—Comrade Gheorghe Nicolae is appointed first deputy chairman of the Executive Committee of Salaj County People's Council.

Article 6—Comrade Vasile Bulucea is appointed first deputy chairman of the Executive Committee of Bucharest Municipal People's Council.

Article 7—Comrade Viorel Faur is appointed deputy chairman of the Executive Committee of Braila County People's Council.

Nicolae Ceausescu, President of the Socialist Republic of Romania  
Bucharest, 20 October 1989, No 141

## YUGOSLAVIA

### Montenegrin LC CC Presidium Member Predicts Pluralism

90EB0053A Belgrade BORBA in Serbo-Croatian  
7-8 Oct 89 p 5

[Interview with Srdjan Darmanovic, member of the Presidium of the Montenegrin League of Communists Central Committee (LC CC), by Dragoljub Vukovic: "The Fierce Shocks of Pluralism"; date and place not given]

[Text] "The so-called communist vanguardism is an ideological projection of the communist movement of itself and of its own role, or, better put, of its own historical mission. That projection is based on a certain degree of narcissism and ideological and political monopoly, which are an expression of belief about the historical laws which have been divined and of the possession of the key to solving the genetic code of history. The task of the 'vanguard' is on behalf and in behalf of the working class (which in Marxist orthodoxy automatically means in the name and on behalf of the entire society, since this class carries within itself not only its own emancipation, but that of society as well) to translate the laws that have been divined into the language of practice and to make them irresistible and definitive. But since things are far from being as simple as that, predictions like that have proven to be rather unrealistic when they come up against the complicated structure and dynamics of human society.

"Depending on the specific conditions, the set of circumstances, and the moment of history, communist vanguardism has been a promoter of certain successes and achievements, but also the source of grave social uncertainties or upheavals. But whatever the result that it produces, the theory and practice of the so-called class vanguard always contain one and the same hierarchical matrix—ideological and political monopoly, absolute right to the truth, and an unlimited right to political power.

"At the point where the mistakes and failures of the LCY [League of Communists of Yugoslavia] (and today we see them even of certain other ruling communist parties in the so-called socialist countries) began to outweigh the constructive results, the public, up to that point adolescent, led along and relatively passive, began to see the crucial defect of these societies—the structural lack of political democracy, of which communist vanguardism, i.e., exclusivity (the so-called leading role 'historically' acquired and confirmed by the Constitution) is the cornerstone. That was at the same time the moment when instead of the myth of vanguardism and the excess of rights based on it, people began to seek equality in rights and opportunities for other political and social forces, and instead of a legitimacy of power based on vanguardism, they began to look for legitimacy of power acquired on the public political scene, with a political program presented in public and with a political fate bound up with that program and in a context of political competition.

"That is the moment that Yugoslav society is living in today, but so is Polish society, Hungarian society, and Soviet society. This is a moment that has not yet been fully appreciated, it is undefined and disorderly and uncertain, but in any case it is a moment which may be a watershed. It is possible that democratic socialism will be born from it for the first time, but should it take a new totalitarian turn the result could be an involution more grave in its proportions and essence than all those up to now," Srdjan Darmanovic, the youngest member of the Presidium of the Montenegrin Central Committee, a man who in the October and January political developments in this republic made a name for himself with his competent and free-thinking articulation of Montenegrin and Yugoslav political reality, said in an interview with NEDELJNA BORBA. A former member of the Montenegrin youth leadership and the principal author of the youth program "For a Democratic Society" is now one of the party officials who is advocating radical democratization of relations in society and in the League of Communists itself.

[BORBA] Reform of the LCY is seen as an indispensable condition to carrying out a radical transformation of society, but at the same time there are views that differ essentially about how this reformed LCY should look and about what its new role should be. Nevertheless, in

your opinion are there prospects for Yugoslav Communists to agree on how to reform their own organization, or will everything end up after all in some compromise or schism?

[Darmanovic] Under present conditions, when we are still functioning as a 1-party state with the predominant influence of the LC, it is really difficult to imagine a social reform of any significance at all if the LCY is not behind it and unless it simultaneously undertakes its own reform. However, this time that reform cannot be a correction of the present ideological and political paradigm; it must be an exit from it. It is not a question, then, of "adding on," of "refining," of "improving the method of work"—which have been the conventional terms of ruling communist parties when in essence they did not want to change anything—but rather it is a question of a redefinition and renewal of the party strategy, policy, ideology, and everyday practice. It is essentially a question of a new party under new conditions and on the basis of the new needs of people and of the times.

#### The Ecumenical Embrace at the Congress

But there are a number of facts and circumstances that go against that kind of demand. Two of them are especially burdensome in that regard: the tradition of political monopoly and the 1-party political monolith and the present splintered state of the LCY along ethnic and geographic lines.

The first of these reasons makes it considerably more difficult to get accustomed to the democratic rules of the game and it has a depressive effect on their institutionalization (since the LC is still in a position to decide what will be adopted in society and what will not, so that every day we hear from various levels of the party organization various contradictions along the lines of: "political pluralism—yes, but a multiparty system—no," or "equality of all sociopolitical participants—yes, but negation of the leading role—no," and so on), while the second reason makes it more difficult to achieve elementary agreement on the directions of the reform. At the same time, the creative potential of the League of Communists has not been definitively suppressed, nor has communication been broken off with the achievements that civilization and democracy have made in our time. However, the conflict of interests within the LC is simply blocking even what appears to be unambiguous. So, I am not one of those who believes that reform of the LC will be achieved by a sudden "enlightenment" of its bodies of leaders and by an ecumenical embrace at the 14th congress. The LCY will undergo the kind and scope of reform that are forced upon it by the ever stronger impulses from the social environment, but also insofar as it goes out to meet those impulses in an open, democratic, and enterprising way. In that context, the 14th congress must at least have the effect of preventing the present conflicts from going any deeper.

[BORBA] What could be the ultimate consequence of the agreement on reform of Yugoslav Communists, and what will happen if the result is a compromise or schism?

[Darmanovic] A minimum of agreement on reform, verbal and in principle, was already established at last year's First Conference of the LCY, under the rather stereotyped and "social-realist" slogan of "three reforms." The commitments of the first conference have been further elaborated over the last 1.5 years, once again verbally and in principle, so that today in the LCY there is a high degree of agreement at least as relates to the following: 1) the League of Communists will no longer stand behind the voluntaristic and failed concept of the consensus economy, but will support a market economic orientation and affirmation of enterprise and inventiveness, using, of course, all the achievements of the so-called welfare or "assistance" state as well; 2) the League of Communists advocates a democratic and pluralistic society, a state based on the rule of law, and a modern and democratic federation; 3) it is indispensable that the League of Communists undergo a thorough democratic transformation to the measure and according to the requirements of a democratic society.

But, since mimicry and hypocrisy have become a rule of behavior and a kind of "ethics" of the highest bodies of the LCY, agreement on these strategic issues can be deceptive should be taken with a great deal of reserve. For the simple reason that consensus functions fairly well so long as commitments in principle and general principles are being debated, but at the very first step of their further implementation or indeed even in their very interpretation major differences and incredible disagreement are expressed. Today, for example, the market economy, the law-governed state, political pluralism, and the democratic federation are terms that not only do not have the same meaning in various segments of the LCY, the difference over their essence and institutionalization is such that it is hindering adoption of any kind of consistent reform platform and programmatic orientation of the entire LCY. The current divisions and conflicts over specific interests are only an additional burden.

#### The Language of Ideologemes and Idioms

[BORBA] What kind of response in the LCY, that is, in the leagues of communists of the republics and provinces, are the reformist ideas of Montenegrin Communists encountering? That is, to what extent is the Montenegrin LC able to have a constructive influence on selection of the new course by Yugoslav Communists?

[Darmanovic] In spite of all the consternation, distrust, and doubts expressed in various parts of Yugoslavia toward the Montenegrin LC, the documents of the Extraordinary Congress of the Montenegrin LC have met with a fairly large response with the Yugoslav public and have encountered broad support. They helped in large part to remove certain undeserved mortgages and labels attributed not only to the Montenegrin LC, but

indeed to the entire Montenegrin political situation following the January protests and removal of the republic's government and party leadership. Those documents, that is, the commitments emphasized in them, had particular weight because of their timing.

As is well-known, the Extraordinary Congress of the Montenegrin LC was the first in a number of republic party congresses, and in fact there was a significant gap in time. In that sense, Montenegro was a kind of proving ground for many democratic ideas adopted at this congress, or—even before it—established in the practice of the post-January period. I suppose that the commitments of Montenegrin Communists have had an influence on the democratic and reformist tendencies of our other communities as well, although it is difficult to determine the degree and extent of that influence. It is also difficult to forecast how much influence the democratic and reformist orientation of the Montenegrin LC will have on selection of the new course of the LCY in view of the deep divisions within the LCY and the utter ineffectiveness and state of atrophy of federal party authorities.

The language spoken in Yugoslavia today is not that of real political categories, but rather the language of ideologemes and idioms concocted to meet everyday political needs and often for manipulation of "one's own" public opinion. The events in Montenegro and the political orientation of the Montenegrin LC were also described in that same political newspeak, especially in certain of our communities. However, objective observers were able even in the most dramatic October-January events to recognize the platform of the opposition coalition, whose top political leadership was made up of the Montenegrin Socialist Youth League and "Veljko Vlahovic" University. That political platform produced the document of the Montenegrin SSO entitled "For a Democratic Society" and the document of the Extraordinary Congress of the Montenegrin LC, and it was also on that platform that the general, direct, and secret elections were organized both for the delegate assemblies and also for the highest offices in the republic and the Federation. In this connection, I emphasize the time dimension once again; that is, this happened more than half a year ago.

All of that does not mean, of course, that Montenegro has made the transition from a poor and oligarchical society to an advanced and democratic society by virtue of a single act, but it does at least indicate the need to analyze and evaluate the difficulties and successes objectively. Unfortunately, political glory is not gained today in Yugoslavia by wisdom and by building a Yugoslav democratic and reform option and coalition, but with irrationalities and chauvinistic madness.

It is in that matrix that the democratic strivings of the basic political forces in Montenegro have been pejoratively referred to as the "antibureaucratic revolution," new communist fundamentalism, neo-Stalinism, "imported revolution," and so on.

In that context, the Montenegrin Central Committee has prospects of having an influence in Yugoslavia at large through its democratic option only insofar as conditions exist for a democratic dialogue and for formation of a Yugoslav democratic orientation, but at this point the conflicts among partial interests leave rather limited room for that.

[BORBA] On what premises is the LC still possible as a unified organization? Is rejection of the ethnic aspect and striking deeper roots into the soil of social classes one of those premises?

[Darmanovic] It is difficult to speak about how a unified League of Communists is still possible when there does not exist in it elementary agreement on what it will actually be. Obsessed with the fiction of so-called non-party pluralism, a majority of the bodies of leadership of the republic LC's, and also its top federal leadership advocate the "nonparty" concept of the LC, accompanied unfailingly by the pronouncement that "if we are not a party, then others should not be parties either." At the same time, the challenges of a pluralistic and democratic society demand specific and real notions both about ourselves as the League of Communists and also about the society we are advocating. But instead of a realistic political conception, the LC is losing time and exhausting itself on a new utopian project which cannot reconcile the crucial contradiction: people's freedom to decide how and in what form they will organize politically and express their interests, on the one hand, and the restrictive political instructions from the LC along the lines of: if we cannot be it, then others should not be it either.

#### The Fiction of Nonparty Pluralism

This seems to me very poor preparation for the conditions of political competition and the rules of the democratic society, since it does not represent us as a serious organization which knows what it wants. There does, of course, exist that other premise as well, that the utopias and fictions are only a form and a way of preserving the status that the LC has had up to now, which is thereby yet another attempt at "controlled" democracy in the name of the "historical interests" and "higher goals" which have already been mentioned. I really have no desire to place my belief in the latter, since the experiences up to this point—both our own and those of others—show that this is not the way to reform socialism, but the way to scuttle that reform.

So, until we reach agreement on who we are, what we actually are striving for, and by what means, it is not possible to give an answer in a true light even to those other questions, since they are in fact questions which are derivative with respect to that essential question.

[BORBA] Does it still make sense to speak about the LCY as one of the main integrative factors when there are numerous facts supporting the proposition that it is this sociopolitical organization that has been the generator of the processes of disintegration in the country? Is

not the insistence on that causal connection at the same time an admission that the Communists have been unable to discover and establish any more natural, less ideologized mechanisms for the integration of Yugoslav society?

[Darmanovic] It is not unheard of for political organizations or political movements to be rather strong integrative factors in certain social situations or phases of a society's development. That has been an almost regular occurrence in the so-called postrevolutionary societies or, for example, the postcolonial societies. At that time, in the context of an underdeveloped society, economic integrative factors, that is, factors based on interest, did not exist, and they were replaced by various forms of ideological or political integration, which, regardless of whether it was on a class, ethnic, religious, or some other basis, was propagated and carried out by the ruling political parties or movements.

But at a certain level of development integrative processes can no longer be stimulated and guaranteed solely by political will and through the political factor. That is the phase we are in now. Because of the nonexistence of healthy, economic, and rational cohesive factors and mechanisms that arise out of the foundation of society and man's natural need for inventiveness, creativity, and ultimately for the acquisition and augmentation of material wealth, the state, the party, the nationality, and the religious faiths are taking that role upon themselves. Unfortunately, that road does not lead to the integration of society, but it only produces its disintegration, which in our context is usually manifested through inflamed ethnic passions.

That is why the LC (especially since it itself is the generator of our divisions today) cannot be the sole guarantor of social integration, since it is not a substitute for the entire society nor a representative of all the citizens. Instead of the fiction that it is the representative of society in general, the League of Communists should be what by the nature of things it is—a political organization which will fight on the basis of its political program and practical resourcefulness, by democratic means, for the freely expressed will of a majority of the population, which also means for a decisive influence on social developments.

[BORBA] Will political pluralism be able to hasten social cohesion by breaking down the monopoly position of the LC, or will it necessarily help to widen the present schism still further?

[Darmanovic] In and of itself, political pluralism can neither hasten cohesion, nor cause a still more serious social schism. The issue of social cohesion does not depend primarily on the forms and models of political organization and expression of political interests, but on the economic strength of society, the stability of the entire political system, the way government power is organized, the way in which political decisions are made and carried out, the cultural and spiritual climate in

society, the country's international position, and so on. In all of this, political pluralism can only create conditions for social decisions to be made with the participation of all interested social and political forces, for the decisionmaking procedure to be carried out in a democratic atmosphere and with guaranteed democratic rules of behavior and with all the creative potential in society liberated. In short, political pluralism is an indispensable guarantee that no social and political grouping operating in conformity with the Constitution will be discriminated against or excluded from the process of shaping and building society.

That is the reason why there is no sense or basis for making a demon of political pluralism—either ultimately a multiparty system, as one of its forms—the so-called syndrome of fratricidal warfare, since it is the consequence of another historical context and a number of historical circumstances which are quite different.

#### From the Other Side of Democracy

[BORBA] What is the balance of power between the defeated and the new political option in Montenegro, and has that critical mass of consciousness necessary for a further deepening and implementation of the so-called new development philosophy already been attained? Where are the main lines of resistance to the changes?

[Darmanovic] This problem has two levels. The first is the unambiguously expressed will for change of a convincing majority of citizens in Montenegro. It is clear and beyond doubt by the very fact that it is based on bread and butter. A quite different level is the existence of that critical mass of consciousness which not only supports, but understands, deepens, and implements the commitments to reform. After all, it is certainly possible to express a desire for change and have little or nothing at all to do with the basic reformist ideas and currents. That is the essence of the resistance to change.

[BORBA] Is there a danger that in the campaign for political differentiation with the old forces a large amount of energy will be expended and thus the revolutionary effort of the rank and file will only be simulated through the struggle against, not the struggle for?

[Darmanovic] There is some of that. What is more, it is not just a question of losing time and energy, but of much more serious things. First of all, the line has to be drawn between political responsibility and what is referred to as political differentiation. All democratic societies are familiar with political responsibility and the institution of responsibility in general, since a democratic society is at the same time a responsible society. But political "differentiation" usually takes place on the other side of democracy. Its forms may vary, and among them the history of socialism is familiar with those most drastic ones.

In Montenegro, we are walking on a dangerous ledge in that the legitimate procedure to establish responsibility could go off into the sphere of the irrational. We are

walking along that dangerous ledge which has already seriously compromised the communist movement and fastened upon it the lasting mortgage of being against humanism, of being against democracy, of being rigid, and of mutual showdowns of the most serious kind. Of course, just as I advocate that responsibility in the state should be in accordance with the law and solely on the basis of law, so in the party responsibility should be established on the basis of the bylaws. But after the lengthy "state of being insulted and injured," there is now exaggeration in this respect in Montenegro, something that is otherwise characteristic of this region.

What is more, lacking political inventiveness and initiative in other areas, certain political entities are seeking and finding compensation by making a big issue of the question of responsibility, which, of course, attracts great attention on the part of the public in a society that until recently was irresponsible and in a system of uncontrolled power.

As far as my position is concerned, I feel that someone must, of course, be personally responsible for the years in which Montenegrin society stumbled and for the political precedent of the use of force against the people, and that responsibility should be established. But at the same time neither the press nor individual political entities have the right to permanently and systematically distract the Montenegrin public from the essential problems of the republic, giving relevance only to the question of responsibility as a substitute. Certainly, this should be spoken about and written about, and positions should be taken, but after all of the other more important issues.

[BORBA] Since the new political leadership of the republic, and the top leaders of the Montenegrin Central Committee in particular, enjoy a high reputation, and since they are expected to resolve in a trice many major social problems and those which have been pinching individuals and groups of individuals, how great is the danger that even the new leaders will out of inertia accept that "surplus of political power" in the best intentions of compensating for the dysfunctionality of many of the system's institutions?

[Darmanovic] Regardless of the ability, democratic sophistication, or personal integrity and moral dignity of individuals, this is a real and constant political danger in all societies and all political systems. The phenomenon of the "surplus" of rights based on authority and power may occur both in a democratic and in a totalitarian society, except that the former has possibilities of controlling it, while the latter is based on it.

For that reason, this question has less to do with the individuals in the top political leadership themselves, and much more to do with the political organization of society, with the political system itself. That is why the answer is clear and unambiguous: Insofar as we exit from the paradigm of the Bolshevik society, the party state, the personnel pool, the charismatic political system, and develop

the practice and culture of a democratic society, a law-governed society, free elections, procedural and legal removability and monitoring of government, to that extent a real danger of the new "historical" leaders will diminish.

As for the figures themselves in the current Montenegrin political leadership, I think that mainly they think along these lines and will actually emphasize this. In any case, all the relevant political documents that exist today in our republic affirm that kind of approach.

[Box, p 5]

#### Who Constitutes the Opposition in Montenegro

[BORBA] In their congress documents, Montenegrin Communists did not explicitly reject the idea of multiple parties, and the presence of the alternativists at the congress itself was viewed as sincere support for pluralization of political life in Montenegro. Can the conclusion be drawn from this that awareness of the need for demonopolization of the LC has definitively matured in this republic, and who in your opinion could for the foreseeable future emerge as the main political entity in the opposition?

[Darmanovic] Two dominant lines of thinking function and exist side by side in Montenegro today, and they are intertwined. One which saw the new political situation in the republic as an open opportunity for democratization and liberalization of society, and thereby also for demonopolization of the LC, and it corresponds to the congress documents, and the other one, which associates the possibility of social rebirth with a better, more effective, more honest, and stronger League of Communists, but without any significant changes in its social status. Now, for all the predisposition there is in Montenegro for the second model (underdevelopment, the tradition of an oligarchical, patriarchal, and tribal society, the tradition of communist orthodoxy), with increasing frequency we are seeing the authentic commitments of the congress gaining superiority in society.

At present, there are no organized and publicly articulated and announced opposition platforms and movements in Montenegro, since the Association for Advancement of Democratic Processes in Niksic, for example, the Association of Unemployed, and the Committee for Human Rights are not alternative social entities, but entities in opposition in which a large number of members are at the same time members of the LC. I, for example, am also a member of the Committee for Human Rights of the Montenegrin Republic Conference of the Socialist Youth League.

The question of an articulated and democratic political opposition in Montenegro is still an open one. For its part, the LC has no intention either of preventing the formation of alternative political groupings or of specifically promoting them itself, but it only stands in favor of the universal principle that political associations should be formed on the basis of the Constitution and law and that it itself should be prepared for the conditions and rules of political competition.



[Box, p 5]

### The Transitional Period to Multiple Parties

[BORBA] Does Yugoslav society have prospects for developing some specific form of nonparty political pluralism, or is that only a transitional phase after which that pluralism will inevitably be articulated as the philosophy of multiple parties? What grounds are there for the opinion that the multiparty system is a condition for establishment of a law-governed state and a civilized society?

[Darmanovic] I have said several times that I do not believe in the new utopias and illusions about so-called nonparty pluralism, since that model does not exist anywhere, nor is there any serious theoretical line of argument in its favor. Yugoslav society is in too deep a crisis to accept once again the logic of absolute exclusiveness with respect to everything happening in the world around us, with respect to all societies and states and all the well-known arrangements in the world. Instead of constructions devised in advance, like the one about nonparty pluralism, it would be logical to strive for the sovereign right of the citizen to decide whether to join political organizations, alliances, associations, parties, and movements, or to remain outside them. Present-day world developments indicate a meeting of two differing currents: the organization of classical political parties and a new type of political activity through the so-called new social movements. Thus, the present-day advanced societies function as a kind of party-nonparty political combination in which the conventional political parties are still important channels for political communication and influence, but the new social movements are increasingly important participants who are mainly covering those areas that have not been sufficiently accessible to the traditional organizational model of the party.

I am convinced that our society will also encounter this combination sooner or later, since the rudiments of it can be seen even today. Precisely because of the belief that this is not only the most realistic, but also the most rational social mode, I have no attraction whatsoever for the ideological project referred to as nonparty pluralism. At the same time, I do not reject the possibility that some kind of temporary political condition or transitional political period may be established because of the several decades of burden of the 1-party political monolith and our own ethnic peculiarities; that period would neutralize the shocks and upheavals of a possible "wildcat" pluralism, which after all is not a sea without shores in any society. That temporary political period would, of course, have to be the result of consensus of the social and political forces in the country, not a "present" from the League of Communists. It is possible that the SAWP could be an important factor in that transitional period, although, because of the well-known shortcomings of that organization, its capabilities should not be overestimated.

### Separatist Views of Slovene Ex-Leader Quoted

90EB0062A Belgrade *POLITIKA* in Serbo-Croatian  
7 Oct 89 p 9

[Article by Dragoljub "Pizon" Golubovic in Belgrade: "Slovenia's Strategic Goals Have Been Well-Known for a Long Time"]

[Text] In your issue of 2 October of this year, in the department "Responses and Reactions," you published an article entitled "The Masked Ball Has Lasted for Decades" in which Vasa Rokic of Belgrade spoke about the "contribution" which former Serbian politicians and present Serbs in the leadership groups of other republics have made to the tragic situation in the country, and he said that those who follow this country's political life carefully realized much earlier what is happening to it and where it is headed, and now that some of the amendments to the Slovenian Constitution have been adopted this has become clear to everyone. One of the arguments which Rokic makes to support that assertion is his recollection of the words spoken by Vida Tomsic in an interview with me that was published in NIN 30 years ago: "Although our ancestors belonged to the same nationality, in this country there is no longer anything that binds us together except self-management."

Rokic, of course, made a synthesis of that interview, which was published on two entire pages of NIN in the format of that time in February 1966. However, Vida Tomsic, who at that time was president of the Socialist Alliance of Slovenia, had much more to say on that occasion. She has the honor of being the first one from Slovenia to state clearly and openly what Slovenia's strategic goals are in the new Yugoslavia.

### She Did Not Require That the Transcript Be Cleared With Her

Here is some of what she had to say on the basis of the transcript which she did not ask to authorize.

In answer to the question: "Doesn't what we call republicanism today in the simplest sense of that word lead toward confederation?" Tomsic's answer was that we do not need "a tug-of-war between the lawyers over this issue." And she added: "Even today we have already settled certain things. The independence of the republics for instance." And later: "We will have to have a solution for that that is in conformity with the position of self-managers, rather than seek solutions first on the basis of certain amendments to the Constitution, since in that case we could not use the old legal expressions. Ownership, for example! I think that now we should develop this kind of federation, first of all from bottom up. Poverty is at this point forcing us to come together and to share things." And afterward? "The association of the self-managers of the various nationalities and ethnic



minorities of Yugoslavia to form an open community will take forms which will be difficult to fit into any constitutional principles of bourgeois and international law."

And language?

"In Slovenia, the official language is Slovenian, and that should be enforced everywhere without discussion. Federal institutions should be bilingual vis-a-vis to Macedonia and Slovenia. Perhaps this is less sensitive a question with the Macedonians, but not here. Before World War I, for example, the Slovenes received responses from the competent institutions in Vienna in the Slovenian language. But now the response comes from Belgrade in Serbian."

And Tomsic continued by saying that "young people frequently complain that they must do their military service in a region where another language is spoken than the one which they understand, and they have been expressing a desire to do their military service in their own republic."

#### **A Proposal for Creating National Armies**

I asked Tomsic whether this meant that Slovenia should have its own national army?

Tomsic told me at that time, in early 1966, that "there had been proposals to adopt what was called a coalition, to create national armies. It is well-known that General Avsic wrote to various high-level forums that there were certain agreements in 1943 under which the independence of the various republics would also be demonstrated by their having their own national armies, which would have come under a joint general staff."

Tomsic did not want to say how long the national armies would remain under the joint general staff. She emphasized instead that during the period of Austro-Hungary there had been special units on "Slovenian territory"—infantry regiments consisting of Slovenian soldiers and Slovenian officers.

When we talked about whether the Army itself should in the future be organized in such a way as to accommodate national armies under a common general staff, as was the case during the war, when on the "national territories" there were the command staffs of the Partizan units that came under the command of the Supreme Headquarters, Vida Tomsic told me, although with embarrassment, that in 1943 one of the members of the AVNOJ council from Slovenia asked Tito in Jajce how the armed forces would be organized after the war. Tito answered: "The Army will be with the people!"

The Slovenes obviously took this as a card to be played when the right moment came.

#### **'There Is Nothing Monolithic in the World Anymore'**

Vida Tomsic looked upon those conversations as being very delicate, and I must say that she emphasized that

these were her personal opinions, but she did not conceal there had also been proposals even at that time to "adopt what was called a coalition and to create national armies." She said, already a bit agitated by that point: "We should not argue over whether something will be monolithic or not! There is no longer anything in the world that is monolithic...."

She then concluded that part of the interview by putting a question of her own: "I think that in this case, just as in others, we should first of all be aware what in general we are preserving with the armed forces," and then she immediately answered: "Socialist achievements are preserved in all languages, not just in one. And if there is every reason why one language should bother us, why someone should also want to preserve those achievements, if he is disciplined, then we ought to find practical solutions."

Those practical arrangements are still evident and discernible even today, but at that time Tomsic presented a philosophy which remained the prevailing one up to the present day. And her overture was Austro-Hungary. "As for Austro-Hungary, although it was the prison of the nationalities, it did take a practical approach to cultural autonomy. It nurtured diversity so as to be able to rule more easily. But at the same time it was altogether aware that it could defend itself only if it had an army that had ties with the people where it lived. And in reality that special infantry regiment, it seems to me, the 17th, consisted entirely of 'Johnnies from Kranj,' and the commanding officer, although he was an Austrian, had to learn Slovenian within a period of 6 months, otherwise he could not remain the commanding officer. We will in any case give real thought to this problem one day. In the future, should a war come, we can count on a Partizan warfare in the field, that is, on warfare waged where people live, not just where the Army is stationed. Which means that we are talking about the further construction of those ties which should not be built only one-sidedly, by mixing the nationalities, although that is also necessary. They should also be built in such a way that the Army will somehow be a reflection of the population which lives in its region. The structure of the armed forces should reflect the structure of the people...."

#### **All the Customs Inspectors Must Be Slovenians**

When we completed that segment of the interview, I asked, knowing that I was playing with fire, with a gentle smile on my face: "Does an independent state signify an independent army? Why then you could go directly into the United Nations!" Vida Tomsic replied: "Well, why not!" But she did not want that part of the conversation to become part of the transcript, and so it did not get published in NIN either.

But Tomsic not only advocated national armies, so that on the basis of that principle Slovenia could have its own Army, but she also felt that the customs inspectors "on that territory," that is, on the borders of Slovenia, at that

time toward Austria and Italy, "should be Slovenes because of the delicacy of the problems they encounter." She found an excuse for that in the remarks of "those who want to do away with our minority—the Italians and Austrians—who then on the basis of those examples on Slovenian borders (where the Serbo-Croatian language is spoken) justify their practice that they should not recognize the Slovenian language as the right of the minority when that language is not recognized even in Slovenia, on its borders."

#### **'We Will Not Give Subsidies for the Idleness of the Underdeveloped'**

Of course, we talked about help for the underdeveloped which even at that time was looked upon as a siphoning of resources "which would not be such a political problem for our personnel if there were a certainty that the productive forces were developing there. But we have no way of telling that."

Tomsic said, that is, that the "nationalistic circles" viewed the siphoning of resources into the underdeveloped regions as a "return to those who had supposedly been swindled." For her part, she judged that the development of the underdeveloped was not only a question of solidarity, but was also in the interest of the more developed. "It is no state secret of Yugoslavia that the more advanced benefit from the underdeveloped, but rather the whole world knows that if the advanced are developing the underdeveloped, they are broadening their market, and they also have an opportunity to export their capital goods there. Thus in actuality they are achieving full employment for their own industry. And this is not by any means a philosophy of the 'economically conceited'? But we do not want to subsidize the idleness of the underdeveloped."

So, that is the way it is, said Vida Tomsic, a very prestigious and influential figure in the top political leadership of Slovenia at that time. Thirty years ago!

#### **Why the Serbian Politicians Were Silent at That Time**

I will conclude the quoting of segments of that interview that is 3 decades old the way the author of the article "The Masked Ball Lasted for Decades" began it: "And it was clear much earlier what was happening to this country and where it was going," but the Serbian politicians who succeeded one another, perhaps with one sole exception, remained silent, sympathized, and "suppressed" the truth which was not to be divulged.

And the interview referred to was largely suppressed by those people in the top political leadership of Serbia who always read "such things" first.

In any case, Jovan Veselinov was the chairman of the Serbian party at that time.

All of this can now be "read once again," but the world refers to this as l'esprit d'escalier! The door had closed behind us.

Nothing was said about it at the right time and in the right place.

#### **'Controversial' Serbian Author on Tito's Mistakes, Nationalism**

90EB0045A Zagreb START in Serbo-Croatian  
16 Oct 89 pp 51-57

[Interview with Serbian writer Vuk Draskovic by Darko Hudelist: "Yugoslavia Under the Shadow of the Knife"; date and place not given; first five paragraphs are START introduction]

[Text] An interview with the writer of the controversial novel "The Knife," 250,000 copies of which have been sold so far, and whose recent interview on Swedish television—on Tito's historic mistakes, Serbia's unfair position in socialist Yugoslavia, the Croats' genocide against the Serbs during two world wars, and Serbia "up to above Sibenik"—caused a political scandal. Is this just a question of a chauvinistic and anticommunist mania, or a mania in which there is a system?

We are aware that because of this interview with Belgrade writer Vuk Draskovic, START could again be subject to criticism, and perhaps even the public prosecutor's office, but in spite of the danger of facing once more a whole series of different inconveniences, we decided, without doubting the controversiality and "evil spirit" of this article, to publish it in its entirety. We are consequently publishing Draskovic's thoughts and views, because it seems to us that they are by no means merely an expression of the political mood of an individual, but rather, as far as one can judge from numerous articles in the press and numerous books being published in Serbia, they also reflect the perceptions of broader social strata, especially among the humanist intelligentsia. The positions we encounter in this interview have already been expressed before in various forums, but recently they have been expressed systematically at 7 Francuska, at the meetings of Novi Sad's "Yugosolidarity," in Dobrica Cosic's interview in IL TEMPO, Antonije Isakovic's latest interview, etc. Only a persistent and analytical reader can fit all of those only casually uttered positions into a comprehensive picture—a frightening call for interethnic conflict, the retracing of republic boundaries, an unscrupulous attack on Josip Broz Tito, the distortion of historical facts... In Draskovic's interview, this is all in one place, as if it had been prepared as a strategy from a single center. In his interview, Draskovic presents a political platform that elaborates on the above-mentioned, merely tossed out, theses from 7 Francuska, the interviews with Cosic and Isakovic, the meetings of "Yugosolidarity"... At the time when the interview took place, it was difficult to anticipate the breadth of the intellectual strata for whose ideas he is a loudspeaker, and to penetrate to the entire "background" of the theses that were being elaborated. Today the position presented in this interview is clearer, since during the time while it was being prepared much of it has been voiced.

What, actually, are the main directions of the harsh, unconcealed attack by Draskovic, and others as well? They are: the de-Titoization of Yugoslavia, the posing of the so-called Serbian question in its most radical and most destructive form, the destruction of the entire historical legacy of the Communist Party of Yugoslavia and the League of Communists of Yugoslavia [LCY], reaffirmation of the state system of the Kingdom of Yugoslavia, the territorial expansion of Serbia—all the way up to the Sibenik hinterland and Karlovac—and accusations that the Croatian people committed genocide against the Serbs in both world wars and twice changed sides from the camp of the defeated to the camp of the victors. It is quite clear that this is a discourse whose final consequence is the sowing of national hatred, open encouragement of Croatian and Serbian chauvinism, and national revanchism, with all of it frequently based on historical falsifications and outright lies. Nevertheless, the most serious accusations are aimed at Josip Broz Tito as the figure who, it is claimed, imposed upon Serbia and the Serbian people an unequal position in the new socialist Yugoslavia through his Bolshevik concept of the country's system and his traditional Cominternist attitude toward the old Yugoslavia. To tell the truth, we have not been accustomed to hearing such negative historical and political assessments of Tito in our country, which often border on tastelessness, but in spite of that we are publishing them, simply because we would consider it hypocritical to keep silent the too well known fact that they are a part of our political reality, which we have to face, and which cannot be suspended by any legal provisions on protecting the name and deeds of Josip Broz Tito.

Well, when it is already so obvious that the positions expressed in this interview differ fundamentally from those which the editorial board promotes on its pages, and the newspaper furthermore opposes them through its entire concept, why did we still decide to publish this interview? We thought it over for a long time, and argued with each other at meetings of the editorial board over whether this interview, in spite of everything, should be published or not. The moral dilemma we faced was not a simple one. Will an interview with Vuk Draskovic, multiplied on the pages of START by almost 100,000 copies, be interpreted as a politically ill-considered and irresponsible act contributing to an even stronger incitement of distrust and even hatred between our two largest peoples, or will it be perceived—precisely as we would like it to be—as a last warning to the democratic public about the increasingly more vocal and uncompromising nationalists of different origins who are present on our political scene, and whose systematic speeches and actions are calling into question the very existence of our country? In other words, will Draskovic's answers (as well as some of his questions) be only an unwanted additional incitement for our current national intolerances, or, on the contrary, will his vehemence and violent Sturm und Drang tone play an undoubtedly welcome and positive role as a catalyst for collectively coming to our senses in the midst of the inferno of

threatening "ethnic" antagonisms? Where and when are we more correct: when we publish something we think should not be concealed from the public, especially since the reality in which we live is unfortunately even more dramatic than its portrayal in the media, or when we suppress the same thing in the name of alleged political expediency and adherence to the well-tested principle of not rocking the boat?

Vuk Draskovic's positions, uttered in this condensed form and in one place, will undoubtedly shock most readers. We must therefore state once again that all of the main ideas touched upon in this interview have already been formulated in an equally radical manner several times and in several places, especially in the Serbian media. It is sufficient to recall the books, articles, and interviews of Dobrica Cosic, Kosta Cavoski, Matija Beckovic, and others of the most prominent Serbian writers and humanistic intellectuals. Nevertheless, while their positions, appearing individually and in succession, could still have a nonbinding and relativistic effect, here, formulated in one place, they assume the clear outlines of a nationalist program which contains both goals and means equally. In some other times we would probably hesitate to publish this article, justifiably fearing that we might be subject to legal sanctions for "disturbing the public"; now, on the contrary, we feel that not publishing this interview would be, to say the least, irresponsibly and childishly sticking our heads in the sand, and thus unfair to that same public (regardless of the fact that even that "public" itself has radically changed recently). It seemed to us that it was also our moral obligation to point out the fact that until recently, some people in Yugoslavia still reacted with sarcasm to the "nonexistent SANU [Serbian Academy of Sciences and Arts] Memorandum," but today it has become the foundation of everyday Serbian politics. Dare we act the same way with the positions of prominent Serbian intellectuals, voiced in this interview? Dare we suppress them? Will our silence about them make these positions cease to exist? Dare we keep silent about something that is being legally presented as a political platform in the Serbian SR, when it may become a political reality for us a year from now, since we already have the experience of the SANU Memorandum?

It seems to us, in short, that the following is the case: we have already come far enough that even without particular emphasis it can be clear that publishing something in the press does not necessarily also mean agreeing with it, but means affirmation of the democratic requirement that we must learn to live as neighbors with people we do not agree with at all, and to whom we must offer every opportunity to express their disagreement with us. If we had not published the interview with Vuk Draskovic, someone else would quite certainly have published it, in a month or two or three, and perhaps in an even harsher version. And since that is the case, we think it is better to do it now, at once. Naturally, we are consciously assuming our share of the social and political responsibility for this.

"There is no more retreating! Montenegrin and Yugoslav bureaucracies, hear me well: we are declaring war to the death against you. You have multiplied like leprosy: starting with enterprises, SIZs [self-managing interest communities], economic chambers, state bodies, and I don't know what else. Our warnings and cries for help have been vain; you have been deaf to them. You have assumed for yourselves the right to decide how much you will take out of the economy, out of the worker's hard-earned dinar. You are stuffing your sinful bellies! We, the foundry workers, pit workers, textile workers, smelters, and port and forestry workers, not to mention others, of all Montenegro, are sending you a message from this place that we are hungry!"

On that sunny Sunday morning, on 21 August, I walked along the crowded Budva beach, watching the slightly startled and surprised, tense, and profoundly thoughtful faces of the half-naked bathers gathered in groups around their transistor receivers, from whose speakers blared, in deafening waves, the impassioned voice of ad hoc speaker Aleksandar Roganovic, who was just welcoming, on behalf of the Niksic steelworkers, the crowds gathered at the so-called protest meeting against poverty there. The bare bodies were sitting motionless, exhausted by the hot August sun, around their miniature radios, listening in deep concentration to the direct broadcast of the "unique manifestation of the people's dissatisfaction with the overall situation in the country, and especially with the increasingly more pronounced poverty faced by an enormous number of workers, retirees, and unemployed young people, educated people" (as Titograd's POBJEDA wrote the next day), while on the same beach, at a barely perceptible distance from the silent, deadly serious listeners, other groups of tourists stretched out lazily and indifferently on their soft rubber cushions and mattresses; these were obviously foreigners, to whom, from all indications, it was not clear what was going on around them and why so many radios were resounding, up to the board, so to speak. It was a summer Sunday, and there was a meeting going on there in Niksic, while here in Budva, in the very center of the Montenegrin coast, on the pebble-strewn beach, the arousing progress of the antibureaucratic popular gathering was being followed carefully, and thus the seacoast resounded with the ecstatic cries and slogans from the grand rally, blending with the splash of water and the hubbub of bathers obviously uninterested in that indisputably significant event, into an extraordinary, exotic acoustic totality.

"Yes, you heard right, the people are hungry in socialist Yugoslavia! Almost half a century since the last war, in these lands, in the country of the great Njegos, we are being reduced to abject poverty! A country which, according to many opinions, could have been shoulder to shoulder in terms of national income with the highly developed countries is now being impoverished. But we won't take any more! Poverty is driving us to this! We are

sending a message from this place to the opstina bureaucrats: you cannot sleep peacefully—we will knock on your doors too! And we workers have a bitter remedy for a bitter injury!"

He—the glorious descendant of the Serbian family Draskovic, which moved after the war from its native hilly eastern Hercegovina to Banat in Vojvodina, not far from the Yugoslav-Romanian border, where he was born in Medje sometime toward the end of November 1946, on which date is not quite certain, but his father, as a partisan, reported to the birth registrar that he was born precisely on Republic Day, 29 November—is today one of the most widely read and most controversial Serbian writers, whose second and best known novel "The Knife" [NOZ] has so far sold a fantastic 250,000 copies. The 43-year-old Vuk Draskovic did not listen to the broadcast from the rally on that euphoric Sunday morning in August, like the vast majority of Montenegrins, but instead, in his Budva cottage, a kilometer or two from the beach, stretching out in an extremely relaxed manner on a couch in front of a Sony portable television, rested his not quite healed leg, injured in the middle of the summer in a serious traffic accident, which he more or less came through, as did his wife, miraculously without the slightest injury, while their Peugeot, in its fatal collision with a truck, turned on the spot into a hopelessly miserable heap of iron. A lawyer by profession, a former student/early guerrilla fighter from 1968, a TANJUG correspondent in southern Africa and a press adviser for the president of the Yugoslav Federation of Trade Unions, Mika Spiljak, in the 1980's the author of the essay "I, A Petty Bourgeois," the novels "Judge," "The Knife," "Prayer" (in two volumes), "Russian Consul," a collection of polemics, "Answers," and a collection of speeches and articles published in the foreign press, "Whither Serbia," with the entire honorarium for that collection donated for the construction of the St Sava Cathedral in Belgrade, he examined me immediately after my arrival with a slightly distrustful and secretive glance, which was hidden below his thick black broom-like eyelashes, impressively combined with magnificent long hair and a beard into the image of a mystic intellectual, who in many respects recalls a worldly version of Jesus Christ. The fact that I had the honor to speak with one of the angriest "Serbian nationalists" and "elements of the extreme bourgeois right," was suggested, among the objects present in the central area of the ground floor of the owner's summer residence, only by a calendar with a picture of Njegos, hung on the wall opposite the couch, a miniature Serbian national flag ("without socialist symbols"), and several audio cassettes, along with a video tape with recordings of Serbian folk musicians—really.

[START] Draskovic, you are considered one of the most radical and most controversial representatives of the new Serbian and Belgrade intelligentsia, which has undoubtedly been demonstrated, among other things, on the occasion of your recent speech in Stockholm, when in May 1989, together with your colleague Milan

Komnienic, you gave an unusually harsh interview to journalists from Swedish radio and television, without sparing even the figure of Josip Broz Tito on that occasion. That induced us to conduct this interview (the first, with respect to you, for a VJESNIK publication) first of all as a conversation about Tito, who recently has been more and more often subjected to severe and immoderate challenges, and not just from you. To start with, I believe that it would be appropriate and desirable, and not just as a matter of protocol and convention, to hear from you, i.e., at first hand, how your appearance before Swedish television cameras even came about, and what your attitude toward the scandal resulting from that is like now, after some distance in time.

[Draskovic] My colleague Milan Komnienic and I gave the interview you mentioned on 1 May in the St Sava Orthodox Church in Stockholm, where we had a literary soiree. The interview was conducted for Swedish television, for a program for Yugoslavs. Since editor Miodrag Cvetkovic had his leg in a cast then and could not come to conduct the interview personally, he asked the journalist Lazarevic (whose first name I have forgotten) to substitute for him, and Lazarevic found a cameraman. The interview was conducted, but I just learned a few days ago that it was never broadcast on that program for Yugoslavs; instead, its premiere was in the evening of 3 August, in Zagreb Television's *Spektar* broadcast. Therefore, Zagreb Television acquired it without the knowledge of Swedish television, before it broadcast it, and obviously without any knowledge or permission at all on my part, or my colleague Komnienic's. In the civilized world, such an act is a crime, and the injured party, the one who has been robbed, is due legal compensation. The day before yesterday (18 August—author's comment) Komnienic and I sent a letter to the director and the chief and managing editor of Zagreb Television, requesting monetary compensation: 60 billion old dinars each, a total of 120 billion, with that money to be paid to the transfer account of the almost established Serbian cultural club Zora in Knin, the president and many members of which are currently in Croatian jails. So much for that interview, and since now you want a continuation of it—for us to talk about Titoism and my attitude toward Josip Broz—then I have to think. In the first place, you are well aware that Josip Broz is protected by a special law. The citizens of Yugoslavia have simply been ordered to say only the best about that deceased individual. In the second place, with the greatest of respect for you, you cannot fault me for having certain reservations about your choice of me to be interviewed and especially about your choice of the subject of this interview. There is a certain doubt somewhere that there are not only journalistic motives and incentives behind this! That is what I have thought after 9 July 1989, when many Croatian journalists brilliantly played a dual journalistic-investigative role in Knin and in Dalmatian Kosovo. So many Serbs were arrested and convicted on the basis of complaints from journalists, photojournalists, and cameramen! Democratic Europe has been shown how democratic Croatia is rushing

toward that Europe, and in what a legal and civilized manner it is making the Byzantine and Stalinist Serbs see reason and reeducating them! That is how it turned out. Accordingly, Josip Broz is protected by law, probably the only one of that type in the world, so how can we talk? We will talk, nevertheless, in spite of the prohibition and the probable sanction. I cannot be like the Roman senators in Caligula's time, who treated Caesar's horse as a colleague and a senator, because Caligula had simply ordered them to do so with a special law. Let's start this interview, and you feel free to provoke me to say what cannot be said, as in that fable: "Emperor Trajan has goat's ears!" But I insist—that is my right—that the interview not be abridged and that it be published just as I will authorize it, in the Ekavian dialect and the Serbian linguistic variant.

[START] You may be convinced that all of your conditions will be completely fulfilled, and you really should not doubt that I will try to provoke you in the course of the dialogue. At the very beginning, however, I would rather help you to relax completely with what at first glance is a rather prosaic reminiscence, so that later on you would answer much more serious questions quite freely and without any restraint. Specifically, once a long time ago, during a formal reception at the League of Pioneers, you swore to Tito that you would faithfully serve him and our entire homeland and all its fraternal peoples. How do you connect your attitude toward Tito during those times, when you wore a red kerchief and a blue cap with a 5-pointed star and Tito's badge, with your position today? You have clearly declared yourself to be an anti-Titoist.

[Draskovic] I went to school from the age of 6, and in that village, in Sljivlje, in the classroom, I encountered two large wall pictures. Beneath one was written "Marshal of the FNRJ [Federal People's Republic of Yugoslavia] Josip Broz Tito," and beneath the other, "Djuro Pucar-Stari." One the very first day the teacher told us, the first-graders, that our duty was to love Tito more than our father and more than our mother. The lessons began and ended with the same salutation. The oldest pupil would stand with his face turned toward us, standing at attention, with his closed fist pressed to his forehead, and say, "Forward for the homeland with Comrade Tito!" Education was something sacred, and in my family, a partisan family, there was no one who would dispute a single word of the teacher's, not even about my having to love Tito more than my father and mother. I was only confused by the other one, Djuro Pucar-Stari, since nothing was written below his picture about who he was and the teacher did not even mention him at all. Whether I should love him, how much I should love him, like a father, less than a father... And so, in that great confusion, I felt rejection toward that other picture, because it was completely undefined.

[START] What did Tito mean to you then, and what sort of associations did his name arouse in you when you were a child?

[Draskovic] We naturally did not study the Bible or the New Testament in school. God was not mentioned. Another God existed. Tito was a deity. He was something that my childhood dream could not comprehend: indestructible, eternal... I lived very poorly; from the age of 5, I went to the mountains as a shepherd, I froze, and I remember that whenever it was hard for me, when I was afraid of wolves, when I was freezing from cold in the mountains, when I remained hungry and I could barely wait for the evening, I used to think to myself: "Bless Comrade Tito, he cannot be hungry, his stomach can never hurt, he cannot feel fear, he cannot die." But people in my village died. My brother also died, who was younger than me, and while I was crying for my brother, I thought to myself, "Bless Comrade Tito, he can never die." I believe that something so terrible, that happened to other people, could never happen to him. I was only 6 years old when, thanks to the Relay Race, I saw an automobile for the first time and went on the road for the first time. That is the road that leads from Mostar through Nevesinj and Gacak toward Tjentiste. At that time there was no asphalt yet. There was only that gravel, but you know, I was seeing even a road like that for the first time in my life. They designated me to carry the baton, and I attributed something from that memory of mine to the hero of "Russian Consul" (Draskovic's last novel—author's note). That is because when the baton was handed to me and I saw the jeep full of people and things (they were probably cameras, flash units, television cameras, and I don't know what else hung there), I thought that these were machine guns and rifles, and that I had to run so fast that the car could not catch me, because if it did, it would surely kill me or run over me! On my feet, I had pigskin shoes, smooth and worn out, which, unfortunately for me, slid terribly along that gravel, so that those 100 or so meters that I had to run seemed like an eternity to me. I ran up to the goal almost dead and handed over the baton, which seemed like a coffee mill to me, but for years I was unable to free myself of the fear that I experienced on that occasion. You know, Marquez says at one point, "Everything that happened to me happened to me before I was 8 years old. After that, nothing happened to me." And Branko Copic also told me once, a month or so before his death: "By God, Vuk, I have been living in this Belgrade since '45 and I don't know how to write a story from Belgrade life, from the streets; I am still in Hasani near Grmec, and I am still moved by what I committed to memory in my childhood."

[START] You spent a good part of your life as a "man in the apparatus." It would therefore be interesting to hear when and on what occasion you experienced your first doubts about Tito, his personality, and his deeds?

[Draskovic] That watchword, that slogan—"Josip Broz is the greatest giant and genius that the Yugoslav peoples have had in their entire history"—as a child born after the war, and furthermore raised in a partisan family, I repeated it and really believed it. The first germs of doubt appeared during my studies in Belgrade, and at

first I was frightened by them, but they were intensified by the club blows that I received in the student demonstrations in 1968. But as soon as the bruises were better and as soon as the Leader supported the students in his 9 June speech, my consciousness was again enslaved by idolatry and intellectual sterility. I remember that Sunday, 9 June 1968 in the Student Building in Belgrade, very well, and I will until the day I die. Someone probably deliberately spread the news that Tito would speak in the evening and that he would condemn the students and order the army to move on the Student Building with tanks. We in the Action Committee met, and as young, hot-headed people, we decided that if the tanks moved, we would walk under them and on them. We even calculated how many students there were altogether, how many relatives, fathers, mothers, sisters, brothers, godparents, and friends we had, and how many people would be incited to revolt by our fate. And really, all of us, not just me, had supper quickly, with great nervousness. We ate a half or a third of a portion apiece, and went to the playing field in front of the fourth women's wing to hear the speech. To our great surprise, something happened that was the complete opposite of what we had expected to hear: he supported us and said that we were right. A day or so before that, I became acquainted with and began to go out with a student, a classmate of mine from the Law School, Danica Boskovic. She listened to that speech together with me, and when it was over, we started in our animation to dance a goatherd's dance, to sing, and to shout to Tito. I pulled her and said to her, "Let's dance!" and she said, "What do you mean, dance—he tricked us and manipulated us!" She also used some harsher word for him in saying this. I told her, "Don't talk like that about Comrade Tito, let's dance!" She answered, "Well, make a choice now between him and me. I thought you were smarter; your head is empty!" And I, naturally, left her and went after Tito. I repented for this for a long time, and atoned for it for a long time, 4-5 years. That much time had to pass before that woman consented to speak with me. Today you met her in my house; she is my present wife. It would be shown soon that she was right, because only 7 days after that speech, at the trade union congress, Broz said exactly the opposite: he condemned the students, but this time, students who were pacified and dispersed, since they had left for vacation. But I, hypnotized and befuddled, simply could not think that evening. I think that there would not have been any cult of Stalin, or Broz, or Hoxha, or Mao Tse-Tung if millions, or hundreds of millions, of people had not been befuddled first. I was an excellent student, and I had already been associating to a great extent with Socrates, Nietzsche, Seneca, Dostoyevski, and Berdyaev, but my gelded mind was simply not capable of subjecting a single one of the holy orders about the genius and infallibility of the Leader to even superficial verification. That is improbable, but you see, it happened to me. Academician Gojko Nikolic, a doctor by profession and a capable intellectual, said in an interview that after the war, although he was a doctor, he caught himself thinking that perhaps

Stalin would never have to die. That seems funny, but I believe Gojko, because I also felt something similar.

[START] Did you ever visit the House of Flowers in Dedinje?

[Draskovic] By no means.

[START] In general, how did you take the news of Tito's death in May 1980?

[Draskovic] I did not feel anything extraordinary. In any case, no joy, but certainly no grief. I received that news with absolute indifference. Naturally, I thought about the news of his serious illness and operation to myself and among my friends, analyzing what would happen after Broz's death. I considered that things could not be any worse. And I think I was right.

[START] You are—at least you declare yourself to be—a great Christian and you believe in God. Have you ever thought about what God had in mind when he created this part of the globe that we call Yugoslavia, and what he thinks about Yugoslavia today, 9 years after Tito's death?

[Draskovic] I think that God was very favorably disposed and poetically inspired when he created this country. I have traveled through almost the entire world, and I think that there is nowhere such a relatively small piece of land with everything that is best and most beautiful—the best sea, the best beaches and islands, the best plain, and the best mountains and canyons, and it is not by chance that the seam of the world is located on this best piece of the world. Everything that divides the world has been joined here: Orthodoxy, Roman Catholicism, Islam, Judaism—all four great monotheistic religions have been concentrated precisely in this area, as if it was precisely here that God wanted those four great religions to be brought into harmony. Unfortunately, the Ustasa genocide and the excessively long period of Titoism have tragically confounded those intentions. I fear that our quarrels are irreconcilable.

[START] Nevertheless, all of those differences coexisted very happily, harmoniously, and peacefully while Tito was alive, or at least while he had his full vigor. Don't you think so?

[Draskovic] If I consulted my opinion at the time, my answer would be affirmative. Now, however, if we objectively analyzed the entire period of Titoism, there would be very little left worth emphasizing that would not deserve radical criticism. This is because Broz is famous—it is being said even today that this is not subject to speculation or doubt, nor can it be—as the creator of Yugoslavia, the creator and founder of fraternity and unity, the leader of the socialist revolution, the first rebel against Stalin, the founder and leader of the nonaligned movement, proclaimed the conscience of mankind... Perhaps there is a multitude of other merits, but these are the fundamental ones, the celestial ones, in which one must not doubt. Nevertheless, if we analyze

all this impartially, coolly, without any ideological trenches, prejudices, and preconceptions, we will arrive at completely opposite conclusions. In the first place, it is not true that Josip Broz created Yugoslavia! Yugoslavia was created in 1918, not in 1943 or 1945. Yugoslavia is a result of World War II, and arose directly from the agony, above all, of the Serbian people and the Serbian army. There is not one new state in Europe, except for divided Germany, which appeared in 1945. After World War II there were only certain territorial shifts: the states that were created as a result of World War I were reestablished. Even if Yugoslavia had not been created in 1918, it would certainly not have been created in 1943 or 1945. In view of this, it is absurd, historically incorrect, and finally, unjust to give Josip Broz the credit for creating Yugoslavia. I likewise think that even the thesis that he, as the leader of the revolution and the party, was the first one to establish and launch the principle of the fraternity, unity, and equality of Yugoslavia, is on shaky ground.

[START] Can you document and prove that claim of yours?

[Draskovic] In the Kingdom of Yugoslavia, for example, there was not one document, school diploma, or sign on schools, public institutions, identification documents, or seals that was not bilingual, Latin and Cyrillic, even in Slovene, and that did not respect both linguistic variants. There was even zeal about the idea of the fraternity and unity of Serbs, Croats, and Slovenes in the Kingdom, and any zeal—as even Christ said—kills and injures. It was so exaggerated that in the 1931 census (which nonobjective Croats often stress) Croats were prohibited from declaring themselves in the census to be Croats. That is true, but why do people keep silent about the fact that the same census denied the same right to Serbs, and that we Serbs, just like the Croats, had to declare ourselves to be Yugoslavs? In the Yugoslav army before the war, the Catholic Easter and the Catholic Christmas, the Orthodox Easter and the Orthodox Christmas, and Bajram and Ramadan were celebrated on a completely equal basis. There were even separate kitchens for Moslem soldiers, which is still not the case in our army today. In August 1919 the Dzemijet party was founded in Kosovo-Metohija, and during the entire period of its existence, it expressed only Albanian, or Siptar, interests, and was only subjected to legal sanctions when it tried to put the interests of neighboring Albania before Yugoslav interests. In every district court in Kosovo-Metohija, and also in many places in Sandzak, there was also a sharia [Islamic law] judge in addition to a civil judge. In the Kingdom of Yugoslavia, consequently, even sharia law was respected, which is not respected now. I am personally more inclined toward this present solution, but you see how much more certain things were taken into account then than today! In that Kosovo-Metohija, which was bloodily oppressed and unequal—I am thinking of the Siptars—according to the deceptions of official propaganda, there were even Islamic schools during the time of the "Greater-Serbian" Kingdom of



Yugoslavia! There were 13 of them in Kosovska Mitrovica alone! During the time of the Kingdom of Yugoslavia, Siptars were presidents of opstinas, deputies, officers, and senators. For the sake of illustration, of 8 opstina presidents in the Djakovica district in 1940, 7 were Albanians. No one went into the Albanians' courtyards, or touched their religion, honor, and customs. The "Greater-Serbian" authorities resorted to mild coercion only when a Siptar did not allow his children, especially female children, to go to school. In the time of the Kingdom of Yugoslavia, the Albanians were the owners of almost all the sawmills, mills, shops, bakeries, hotels, and taverns in Kosovo-Metohija. And that "Greater-Serbian" Yugoslavia was so much "Greater-Serbian" that while the Kingdom of Yugoslavia lasted, Serbia was never economically successful enough to reach the average for Yugoslavia! Consequently, the stories about how the socialist revolution launched the idea of national equality, fraternity and unity, and about how the standard-bearer of that idea was Josip Broz, are nonsense. In December 1914, when Zivojin Misis repelled the Austro-German forces with that sudden counterattack in Kolubara and drove them out of Serbia, and when they abandoned Belgrade headlong, in their haste they did not have time to remove three flags from the court in Belgrade. One was German, the other was Austro-Hungarian, and the third was Croatian: in any case, the monarchy was unusually concerned about displaying the Croatian flag as an occupation flag. The Serbian army entered Belgrade and one of the officers removed all three flags from the court and threw them down before Aleksandar Zekan, so that the supreme commander of the Serbian army would symbolically tread on them. Aleksandar, however, noticed the Croatian tricolor, stopped his horse, and ordered: "Give it to me!" And then he unfurled it, kissed it, and said, "This is not an occupier's flag, but rather the flag of our brothers the Croats, with whom, if God wills, we will join together in the same state." Then the horse walked across those two foreign flags, but not across the Croatian one. What is this, but some sort of idea about fraternity and unity? In general, it is nonsense to claim that there was no morality nor love nor understanding among these peoples before 1941, before 1937, before AVNOJ [Anti-fascist Council for the National Liberation of Yugoslavia], or before Josip Broz. Even Marx said, "It is only for primitives that history begins with the day on which they themselves were born."

[START] If I understood you correctly, Josip Broz Tito, in your evaluation, does not at all represent a figure of paramount historical significance as the leader of the Yugoslav socialist revolution either. Where are your arguments for that assertion?

[Draskovic] Yes, among those celestial merits Josip Broz is also attributed with being the leader of the socialist revolution. That is true, but after everything that we have experienced and that we are experiencing and living through today, with our present experience and, I would say, mental sobering on the part of more or less all of us

Yugoslavs, I do not know how much we should boast about that revolution in general. You see, that first, "non-popular," "backward," "dictatorship," "Greater-Serbian" Yugoslavia was a parliamentary monarchy, part of contemporary European civilization. There were no Gastarbeiter colonies from that Yugoslavia throughout the world. People did not flee that Yugoslavia to shift for themselves. In that Yugoslavia, you did not pay one price for dinner when you ordered the meal, and another when you finished—but we are approaching that day. The dinar of the Kingdom of Yugoslavia was stronger than the Swiss franc, and with that national currency in your pocket you could go anywhere in the world. The Yugoslavia of that time was one of the countries with the most stable economies. And claiming that in 1939 we had so many cars, and today we have so many, and attributing that to the socialist revolution, is nonsense. We would probably have more cars even without the revolution, just by virtue of the fact that so many years passed! That Yugoslavia would probably have progressed, too—not probably, but, I think, much more quickly and better than this Yugoslavia today. Consequently, through the achievement of the socialist revolution, we obtained a second Yugoslavia, which since its beginning has been a totalitarian party state of the Bolshevik type, with one party in power and only one view permitted. The minority of suitable people—for half a century now—has made the majority of unsuitable people happy through the ruling party's obediently carrying out the will of its self-elected leaders, who hold the reins not only of party authority, but also of state, judicial, executive, economic, and all kinds of authority. The second Yugoslavia associated with the regimes of Stalinist despotism, and after its break with them, it passed into the circle of the "democratic" regimes of Sukarno, Mobutu, Seku Toure, Selassie, Qadhafi, Khomeini... We became Africanized over the last 20-30 years! The first Yugoslavia began as a unitary state, but even toward its end, with the creation of the Croatian province, it had the outlines of a federation. The second Yugoslavia began as a federation, and ended, during Broz's lifetime, as a confederation in which everyone, except the Serbs, obtained their own national state. Very briefly, the first Yugoslavia was in Europe and was emphatically pro-Croatian, while the second one is in Africa and is emphatically anti-Serbian. Serbs perished on two occasions, more than anyone else in this country, for the idea and dream of a Yugoslavia in which we would live democratically and in which we would all be equal. Unfortunately, they perished for what the first Yugoslavia was not, and for what the second Yugoslavia especially is not. You know, a boy studied with me in Belgrade whose father, as a judge before the war in a dispute between a peasant and King Aleksandar, ruled against His Majesty, and so the king had to return to the peasant the piece of land that he had taken away from him. I do not know a single judge after the war who could have done something like that, because, simply, who after the war could have ventured to judge Josip Broz? In any case—civil, criminal, etc. And if we now compare what civilized values we destroyed and what we got in



return, I must say that all the comparisons are at the expense of the second Yugoslavia!

[START] You have described the old, monarchic Yugoslavia as if only milk and honey flowed in it, and as if it were a perfect, irreproachably ordered, and God-given community of all our peoples.

[Draskovic] I said that it was not! We can talk for a long time about the Kingdom of Yugoslavia, and we will find in it a lot of...

[START] But, with all the reservations, you said that it was incomparably better organized than today's Yugoslavia.

[Draskovic] In any case.

[START] In other parts of Yugoslavia, and until now I thought that it was also the case in Serbia, the old Yugoslavia is often called the prison of peoples. How do you defend the thesis of the Kingdom of Yugoslavia as a pro-Croatian state—unless you want to turn everything upside down?

[Draskovic] The Serbs stepped onto the bridge of unification in 1918 with open souls and outspread arms, and in poor people's shoes, full of their own blood, spilled for the glory of that happy embrace and meeting with their brothers. During the embrace, we took off our caps, took the emblems off our victorious flags, took the boundaries from our fields (I am thinking of national territories), and we buried all of this, together with our own states, Serbia and Montenegro, in a coffin, and threw ourselves from the bridge of unification into the water. We did not want to be arrogant in front of our brothers, who did not have any of all that, neither states, nor regiments, nor victorious flags. We celebrated our great sacrifice, and were angry at French Prime Minister Georges Clemenceau, because he sent condolences of a sort to the King in Belgrade instead of congratulations. Only a few Serbs then suspected that this was a fatal unification with all the evil spirits of the defeated Turkish and Austro-Hungarian empires. About 20,000 Croatian, Slovene, and Moslem officers and non-commissioned officers, who fought against the Serbs and Serbia from 1914 to 1918 as part of the Austro-Hungarian army, were promoted one or two ranks immediately after the end of the war by King Aleksandar, who threw the door of the newly created Yugoslav army wide open to them! At the risk of new Serbian bloodshed, he took away from his wartime ally Italy the Croatian and Slovene territories that it had been promised by the London Treaty of 1915. He pardoned the Croats, Moslems, and Albanians for all their war crimes committed against Serbs. He guaranteed the Roman Church privileges that it did not have even under the rule of Catholic Austria. He sent the lion's share of bank capital for the construction of vital state economic projects to Croatia and Slovenia. There was no room in the new army for General Stepan and General Misic, and up until 1928 the coffin with the remains of General Putnik languished in some cellar in France. Marko Natlacen, who composed the song "The

Serbs on the Willows" in 1914, was made a governor, and Tugomir Alaupovic, who in that same year, 1914, blessed Croatian regiments to go hanging, slaughtering, and raping through Macva, became the first minister of religion in the new state. Salonikans [veterans of the Salonika Front] and Albanian martyrs, hungry and maimed, went begging throughout Serbia. Also begging was Gavrilo Princip's mother; Milunka Savic cleaned toilets; and the bones of Montenegrin King Nikola, Aleksandar's grandfather, could not be returned to their homeland. I cannot remember at this moment his name, but the governor of the Croatian Province in 1940, abroad after the war, published a book showing that about 60 percent of the bank capital of the Kingdom of Yugoslavia was concentrated in Croatia. Finally, Serbia and Montenegro joined Yugoslavia in 1918 as the only states then in existence, whereas in 1941, with the outbreak of World War II, we only had one state, Croatia, as the Croatian Province; Serbia and Montenegro no longer existed. Yugoslavia had swallowed them up! You know that in 1918 Aleksandar, in a way, outlined the map of Pavelic's future Independent State of Croatia. How? That year the Serbian army stood at the Drina, and in 90 percent of the opstinas in Bosnia, Hercegovina, Split, and Dalmatia, their people's councils had already adopted proclamations on joining the Kingdom of Serbia. Requests came for the army to enter their territory. Aleksandar waited, however. What for? For the Croatian People's Council in Zagreb to hastily create some sort of state, in some region, with which Serbia and Montenegro would then unite. And so was hastily born that nonexistent state (and it would really prove existent!), the State of the Croats, Serbs, and Slovenes, up to the Drina and the Srem, with which Serbia and Montenegro would unite to form the Kingdom of the Serbs, Croats, and Slovenes. In 1914, Aleksandar was able to choose. His allies, especially the French, insisted and begged him to act and to adhere to the 1915 London Treaty. Serbia was thus guaranteed the following borders: Papuk, Una, the Kupa valley, up to above Sibenik. He renounced that, however! In 1921, Italy even received the support of Serbia's wartime allies, England and France, to demand Rijeka from Yugoslavia, while Shkoder and northern Albania were offered in return. Aleksandar rejected this. By the creation of the Croatian Banate, the pro-Croatian orientation of the former state was only shown even more explicitly! The assertions that it was a Greater-Serbian state are nonsense!

[START] If the Croats in old Yugoslavia were in such a privileged position the whole time, as you are now claiming, why, then, was the Croatian Banate even established, unless, in the final analysis, it was due to that people's tremendous dissatisfaction and feeling of inequality in the newly created state?

[Draskovic] Do you think that by the very fact that Jasenovac existed, some reasons for its existence also had to exist? You see, Yugoslavia in 1918 was needed more by the Croats than by the Serbs. And accordingly...

[START] In that same monarchic Yugoslavia, the Croatian national question was not resolved. The historically notorious fact is that the Croats in it did not feel themselves to be masters in their own homes.

[Draskovic] Croatia exploited the new circumstances in 1918 after the defeat and collapse of Austria-Hungary as much as possible. By joining Yugoslavia and entering into the same state as Serbia, the victor in the war, Croatia avoided being treated as the loser of the war. And it was defeated! In 1918, Yugoslavia was most important to the Croats; it was the bridge across which they could cross from the defeated camp into the camp of the victors, the bridge across which they could cross, from the camp of those who were obligated to pay war compensation to Serbia, compensation both for property and for the crimes committed during World War I against the Serbian people, into a fraternal embrace with the Serbs, in which everything would be forgotten and everything would be forgiven. Just read a little of the document from the Paris Peace Conference, and you will be convinced of how much trouble King Aleksandar had because the delegation included Trumbic, probably in the capacity of foreign minister. Neither the French nor the English would talk with him; they treated him as one who had been defeated! Yugoslavia, I said, is what saved the Croats from the consequences of its defeat in World War II! If it had not been for that bridge, Serbia's borders today would stretch from Papuk, through Kupa and Una, to above Sibenik. Parts of Dalmatia and the Dalmatian coast, along with Rijeka, Istra, and that whole region would be Italian, as specified by the London Treaty, and I do not know whether the remnant could have been constituted as an independent Croatian state or if it would still be an appendage of Austria. In any case, nostalgic laments for Austria-Hungary cannot convince anyone who knows the facts that they are the consequences of the bad experience with Yugoslavia. The Croats could not have obtained what they did by joining with Serbia in the same state on any battlefield or at any diplomatic table, nor could they have saved what they did through that marriage. And when they saved it, they tried to take even more than what was due to them. The facts, objectively viewed, show that the Croats only profited from Yugoslavia, and that the only harm from Yugoslavia, both the first and the second one, was suffered by the Serbian people. The Serbs are also very dissatisfied with this Yugoslavia today, but they certainly will not retaliate because of this with a Jasenovac or Jadovna.

[START] You constantly talk about the victorious and defeated peoples after World War I...

[Draskovic] And also after World War II! The Croats were saved again by joining Yugoslavia in 1945! They again jumped over the bridge from the defeated camp into the victors' camp!

[START] In your opinion, they lost World War II?

[Draskovic] The Independent State of Croatia was a state. Its regiments even fought at Stalingrad. It is the only fascist entity in Europe that marched from wartime defeat to its greatest victory. During the entire time of the existence of Austria-Hungary, which, you said, Croats are nostalgically recalling now, only Slovenia, Croatia, and Dalmatia existed. In 1945, by moving into the victors' camp again, through a kind of smuggling, a reprise of 1918, the Croats avoided responsibility for genocide against the Serbs, they avoided treatment as an absolutely defeated state in World War II, and they obtained Dalmatia, with almost the entire Adriatic coast and the islands, and Serbian Baranja. Don't tell me that not all Croats were Ustase, because I will immediately reply that it is true, but it is also true that all of the Ustase were Croats! And don't tell me that an anti-Ustasa and anti-fascist mood was widespread among Croats during the war. I will acknowledge that you are right again, and retort that the same attitude, anti-Nazi and anti-fascist, was no less present in Germany, but nevertheless postwar Germany had to suffer a somewhat different fate than Croatia. Who was punished in 1945? Once again the Serbian people and Serbia, the ones who were victorious in that war, were punished. Don't forget that all the way up until 1944, 90 percent of the population in the partisans was of the Serbian nationality, and that cannot be disputed. It can be disputed by falsehoods, and one can say how many partisans there were in the territory of the Independent State of Croatia and call those units the "First Croatian Brigade," the "Second Croatian Brigade," the "First Croatian Corps," the "Second Croatian Corps," but if one does a little investigation of the national composition of those "Croatian" brigades and corps, one will arrive at the fact that although Broz gave them Croatian names, they were 90 percent composed of Serbs.

[START] I would like to ask you whether it is not, at least, inappropriate today, after such a distance in time and after everything that has happened in the meantime, to talk about victorious and defeated Yugoslav peoples, as if partisans had not fought during World War II as part of the national liberation army, and as if that army had not been composed of Serbs and Croats, and of all of our other peoples together? In that war, all the national differences that you are talking about were raised to a considerably higher level, precisely in the common struggle against the common occupier?

[Draskovic] You do not seem to have been following my answer! It is true that the partisans included Serbs and Croats and Slovenes and Macedonians and Albanians and Hungarians. But when the fact comes out that until 1943 there were perhaps three Hungarians from Vojvodina in the partisans, and that until 1943 or 1944 perhaps 30-40 Siptars from Kosovo-Metohija joined the partisans, and if we know that on the territory of what was then the so-called Independent State of Croatia, I repeat, 90 percent of the fighters were of Serbian nationality, then we will arrive at facts that say the opposite of what you want to say: that we all fought together. We all

suffered together in Jasenovac, there were both Croats and Serbs in Jasenovac, there were also Moslems, but the fact is that it was a camp in which, above all, genocide was committed against Serbs, Jews, and Gypsies, and that these three national groups suffered there because of the crime of their births, because they had been born as Serbs, Gypsies, and Jews, and that Croats, Moslems, and others were killed there because they did not agree with the Ustasa regime, because they rose against the genocide, and, finally, because they were decent people. Those two things must not be confused.

[START] For almost an hour now, we have been discussing interethnic relations in Yugoslavia, and primarily the relations between Croats and Serbs. The conversation has somehow spontaneously shifted to another subject, which we did not make explicit in the beginning. I wonder whether this is not also proof that what lies behind the recent attacks on Tito is ambitions for the establishment of a radically different type of interethnic relations in our country, opposed to today's model, which we still symbolize with Tito's name? Aren't the present domestic relations in Yugoslavia the ultimate and final goal of every or almost every anti-Titoist platform?

[Draskovic] Partly. Only partly, because even if national relations within Yugoslavia were settled in the most ideal way, the period of Tito's rule could and should be criticized because Yugoslavia, as I have already said, was a party-police state, instead of being a parliamentary and democratic one, and has been excluded and removed from trends in European civilization, in such a way that it has been Africanized. That has no connection of any kind with nationality policy, but instead with the Bolshevik vision of man and the world. And it is unnecessary to speak of what that Bolshevism represents and where it has led not only Russia, but also every state in which it has come to power.

[START] In general, what does the word Titoism mean to you?

[Draskovic] Very briefly, it is the Yugoslav version of Bolshevism. In 1948, Tito did not split and break with Stalin, but rather Stalin with Tito. In fact, Stalin was the first one to make an attack, rejecting an embrace, and not Tito. Even at the Fifth Congress, which is famous as the congress where we split off and broke with Stalinism, Broz ended his speech with the exclamation, "Long live the great leader of the international proletariat, Comrade Stalin!" After the Fifth Congress, when we "definitively" broke with Stalin, peasant labor cooperatives were introduced, like the Russians' kolkhozes, along with many other Bolshevik absurdities, through which Broz tried to prove to Stalin that he had not deviated from the Bolshevik path. What does 1948 really represent? In the final analysis, it was the Protestantization of Bolshevism. Until 1948 there was one God, one unquestioned authority and center—Stalin and the Kremlin. After 1948 we moved God from the Kremlin to Belgrade, and then the absolute cult of Josip Broz began. What is Goli

Otok but the Gulag Archipelago? Stalinism was destroyed here by the most Stalinist of methods. It was not a struggle with Stalinism, but rather merely a struggle with Stalin and the center. All the methods of the authority, the cult, and the police-party state was moved from the Kremlin to the new center, our Belgrade, and to Brioni.

[START] According to Prof Ljubomir Tadic—I am quoting a sentence from START's recent interview with him—Titoism is "a reformed Bolshevik system of authority, which means that none of the fundamental Bolshevik components of authority was questioned"; it is a "system in which there is infallible leadership and authority which no one has dared to question, without being subjected to great pressures." Do you agree with that definition by Prof Tadic?

[Draskovic] Exactly right.

[START] Couldn't such a type of authority, which you are trying to denounce, with all of its recognizable characteristics such as charisma, inviolable leadership, and infallible authority, be attributed to yet another politician and statesman from, let us say, the more recent history of Yugoslavia?

[Draskovic] I have not yet seen such a figure in Yugoslavia. Not after the war, I mean.

[START] When you were reviewing interethnic relations in old Yugoslavia a moment ago, why did you only mention Serbs, Croats, and Slovenes, and not, for instance, Montenegrins, Macedonians, and Moslems as well? Do they not exist, in your opinion?

[Draskovic] As you know, those nations did not exist in the Kingdom of Yugoslavia. Montenegrins were mentioned as non-Serbs for the first time in 1941 in a special decree by Ante Pavelic, the head of the Independent State of Croatia, on the basis of which those Serbs who declared themselves to be Montenegrins and not Serbs were guaranteed all the rights that the Independent State of Croatia granted and guaranteed to the citizens of friendly nations and of states friendly to it. Not even the Montenegrin Communist cadres in the Comintern declared themselves before the war to be anything other than Serbs. Thus, Ante Pavelic was the first one to arrive at that brilliant idea of making a non-Serbian country out of the Serbian Sparta, and circumstances led to that also being confirmed by the decisions of AVNOJ's Second Session in Jajce. On the other hand, I don't want to go into the attitude toward Macedonians on this occasion; we could talk for a long, long time about that. In any case, I maintain that a person's national orientation is what he feels it to be. A person must be guaranteed the freedom to choose his own nation, just as he chooses a religion, a girl, employment, or a political belief, not to go any further. What a nation is and where its roots are, in its ethnic group, in culture, in tradition, in language, or possibly only in religious affiliation—that is the big question. Answers to it are not within the competence of a writer, however, and the only thing left

to me when you ask about Moslems is to ask you a few questions, even if they are rhetorical ones, simply so that we can all think about the answers. Why is it that in AVNOJ's and Tito's Yugoslavia Islamicized Albanians are recognized as Albanians, Islamicized Macedonians as Macedonians, and Islamicized Gypsies as Gypsies, while only Mohammedans with the Serbo-Croatian language, tradition, and roots have been promoted to being Moslems as a national identity, with a capital M? Why it is only after 20-odd years since the session in Jajce that a sixth torch has been added to the Yugoslav seal? If the forefathers of Mahmut Bakali and Mesa Selimovic accepted Islam under the same circumstances, why does Mahmut Bakali remain an Albanian of the Moslem faith, but Mesa Selimovic cannot be a Serb of the Moslem faith? Why is it that in atheistic Yugoslavia, more mosques have been built than during the entire 19th century, when Islam ruled our region? Why is it that the same Yugoslavia, during the same time and in the same area, did not restore even a third of the Serbian churches that were burnt during the war? Finally, why is it that Montenegrins who profess Islam are Moslems by nationality, and Montenegrins who profess Roman Catholicism are Croats by nationality, while only Orthodox Montenegrins, whose church is Serbian, whose language is Serbian, and whose cap is Serbian, are the only ones proclaimed to be a separate nation? Well, those are the questions, from which answers, I hope, will be derived.

[START] I'll write them down neatly, so that one of my future Moslem interlocutors can try to answer them. From our conversation so far, it unambiguously clear that in your personal opinion, the nationality question in Tito's Yugoslavia has not been settled in a satisfactory manner, because it has been settled at the expense of the Serbs, who feel that in such a Yugoslavia they have been deprived of their rights and humiliated, and of course, unequal with respect to all our other peoples. What do you think—if you are already convinced that Josip Broz Tito held Serbia back and deceived it, did he do it consciously, i.e., deliberately?

[Draskovic] Consciously—how else, unless he ruled in an unconscious state? It is an indisputable fact that in so-called Tito's Yugoslavia Serbia was crippled and dismembered, and was even virtually abolished by the 1974 Constitution. It is an indisputable fact that in that Yugoslavia of Tito's, the Serbian people as a whole was subjected to crude denationalization, national amnesia, expulsion, and emigration in Croatia, Bosnia-Herzegovina, Kosovo-Metohija, and Macedonia, practically everywhere the Serbian people lived in Yugoslavia, and that during the time of that same Tito's Yugoslavia, it also suffered in neighboring countries, in Romania and Enver Hoxha's Albania, without even a protest telegram, if nothing else, ever being sent from Belgrade, even though on several occasions we took intergovernmental relations with Italy and Austria to the point of shooting because of the position of the Croatian and Slovene minorities in those countries. All of that happened during Josip Broz's sacrosanct rule of Yugoslavia. Josip

Broz was educated for decades by the Comintern. In the Comintern, however, the chief voice was that of the communists from the nations defeated in World War I: Germans, Austrians, Hungarians, Croats, Bulgarians... As early as 1923 they made a decision to destroy Versailles Yugoslavia, which was in their opinion—I quote—"the bastard child of the French and Serbian bourgeoisie." The Comintern favored a Bolshevik Europe and new borders. It promised Tyrol to the Austrians, Alsace-Lorraine to the Germans, and part of Romania to the Hungarians, but assigned the worst fate to Yugoslavia: to disappear. The state was served up on a platter, but in such a way that Serbia, the wartime victor, would be severely punished, and its national territories would be distributed: the granary of Vojvodina to Hungary, Macedonia to Bulgaria, Dalmatia and parts of Bosnia to Croatia, and Kosovo to Albania. The Yugoslav Communist Party supported such divisions and fought for them. All the Serbian delegates in the Comintern who refused to conspire against the Serbian people disappeared in Stalin's Gulags. Just look at how consistently the Yugoslav Communist Party followed the Comintern's decision! In October 1928 the Fourth Congress of the Yugoslav Communist Party was held in Dresden, where the delegates of the Yugoslav communists decisively advocated the annexation of Kosovo and Metohija to Albania. To them, Yugoslavia was an ordinary imperialist creation, a Greater Serbian state that simply had to be destroyed. The resolution from the Dresden Congress said, among other things, that the victorious imperialist Entente (this was being now said by the defeated communists!) had given Yugoslavia—I quote—"considerable Albanian, Bulgarian, and Hungarian areas." The Serbian communists were ordered to recognize for other peoples and national minorities, Albanians, Hungarians, Bulgarians, and so forth—I quote—"the right to resistance and armed uprising, and to render systematic assistance to them in carrying out this intention." It is known that in 1933-1934 the Yugoslav Communist Party openly supported the Croatian Ustasa movement, sympathizing with their armed rebellion in Velebit. It is known that in 1934, in the Sremska Mitrovica prison, a monstrous agreement was reached between the communists and the Ustase, which was signed on behalf of the communists by Mosa Pijade, and by Mile Budak for the Ustase, and which literally stated that the Croatian Ustase and the Yugoslav communists would fight for—I quote—"the destruction in the Balkans of everything that is Serbian and Orthodox." The Fourth National Congress of the Yugoslav Communist Party, held in Ljubljana in December 1934, had more or less the same attitude toward the territorial integrity of the Serbian people in Yugoslavia. For it, Yugoslavia was a Versailles creation, whose establishment was nothing more than—I quote—"the occupation of Croatia, Dalmatia, Slovenia, Montenegro, Macedonia, Kosovo, and Bosnia-Herzegovina by Serbian troops," which led to the demand—I quote—"for the expulsion of the Serbian Cetniks from Croatia, Dalmatia, Slovenia, Vojvodina, Bosnia, Montenegro, Macedonia, and Kosovo." The last great gathering of

Yugoslav communists, at which the Yugoslav Communist Party's nationality policy was approved (and it went into World War II with that policy!) was that "historic" Fifth National Congress of the Yugoslav Communist Party in Zagreb, the basic decisions of which were personally drafted by Josip Broz. The resolution from the Fifth National Congress contained a call "for the freedom and equality of the Albanian minorities in Kosovo, Metohija, and Sandzak," and clearly demanded "the expulsion of all those colonists, i.e., Serbian elements, with whose assistance the Serbian bourgeoisie is oppressing the Macedonian, Albanian, and other peoples." The very beginning of the 30 November 1943 proclamation by the Second Session of AVNOJ to the peoples of Yugoslavia cited, as a great fruit and result of the revolutionary liberation struggle to date by the partisan units "the successful breaking of the spine of Greater Serbian hegemony!" I ask you—that is not only hypocritical, but also monstrous! As early as 1943, at least 700,000 Serbs were massacred and liquidated on the other side of the Drina by the Ustase. On the other side of the Drina Serbian blood was flowing in torrents, and AVNOJ was stressing as its great accomplishment "the breaking of the spine of Greater Serbian hegemony!" That same message from AVNOJ to the peoples of Yugoslavia spoke about the heroic and freedom-loving children—pay attention to which states and provinces are mentioned here!—"of Serbia and Croatia, Slovenia and Montenegro, Bosnia-Herzegovina and Macedonia, Vojvodina and Sandzak." Although before the war the name "Croatia and Dalmatia" was used in the documents of the Yugoslav Communist Party, that no longer existed with AVNOJ. Croatia had already received Dalmatia, and Dalmatia had already become Croatian. Just look at how Serbia was mentioned in that document, but there was also separate mention, in addition to Serbia, of Montenegro, Bosnia, Herzegovina, Macedonia, Vojvodina, and Sandzak, but there was not a single word about Kosovo and Metohija! The draft Declaration on the Basic Rights of Nations and Citizens of Democratic Federal Yugoslavia explicitly provided that "the people of Vojvodina and Sandzak will have full freedom to decide themselves on their relationship and position within the federation." Why doesn't that draft mention Kosovo and Metohija at all, and why weren't Kosovo and Metohija represented in AVNOJ? Apparently because that area had been promised to Albania and it was considered the de facto interest zone of Enver Hoxha's revolutionaries. The authority on the top of whose pyramid Josip Broz stood, untouchable, omnipotent, and sacrosanct, systematically created an Albanian state in the area most sacred to the Serbian people. Today in the Balkans—I said this in that television broadcast—there are two Albanian states, Enver Hoxha's and Josip Broz's. But I must say something else in conclusion. I will express my personal position. The opinion of historians does not interest me, because I think that their silence is not due to a lack of evidence, but rather to cowardice and opportunism. At one time the newspapers started a campaign over why the partisans never tried to attack the Jasenovac camp during the

war. The response given was that it was impossible, that the camp was heavily guarded, that it was difficult to descend along the Sava in the swampy area, and that there would have been enormous losses, to no effect. Let us say that that is true. Let us ignore the testimony of Canica Opacic, who dedicated his poem "Jasenovac" to one event during 1943, when his commander insisted that that death factory be attacked, and afterwards died mysteriously. Let us say that it really was not possible then, but that at least the intention existed. I will ask the following question, however: why wasn't Jasenovac attacked in 1944? Belgrade was liberated on 20 October 1944, and on that day the troops of what was then the most powerful army in Europe entered our capital, wanting their steam-roller to go through Slavonia and Zagreb toward Vienna; they were turned toward Hungary, however, with the explanation that we could liberate our country ourselves. But even though the Russians thus turned toward Hungary, the partisan forces possessed aircraft and tanks, and were absolutely capable of liberating Jasenovac. What happened, though? Jasenovac stayed in operation from 20 October 1944 up until 26 April 1945! For 6 months after the liberation of Belgrade, it was continuously swallowing up victims! I think—and this is my personal position—that the one who commanded the partisan army then and did not rush to liberate Jasenovac is responsible for every victim during those 6 months in Jasenovac! But during that same period, the strong partisan forces had more urgent work in Lijevce-polje, Bosnia, the slopes of Vucevo and Zelengora, liquidating the Cetnik forces that were withdrawing toward the country's western borders. In Lijevce-polje, they even did so in tacit or accidental cooperation with the Ustasa and German forces!

[START] You say that this is how things were during World War II, but what will happen tomorrow to this country of ours, whose possible collapse in the near future you recently commented on in KNJIZEVNE NOVINE, with a sort of threat that the Croats should not be carried away with illusions that the existing AVNOJ or Tito borders between the Croatian SR and the Serbian SR will survive in the event of a division of Yugoslavia?

[Draskovic] Yes, I wrote that 3-4 years ago in a letter sent to Zagreb's VJESNIK; naturally, it was never published. I wrote that in the event of the collapse of Yugoslavia, which I would not like to happen, Serbia's borders would not be cut according to the AVNOJ or Brioni or any other scissors. Those western borders of Serbia were marked by Ante Pavelic, where the Serbian concentration camps, Serbia's greatest scaffolds, and burnt Serbian churches and villages were located. Serbia's western borders are where Serbian blood flowed from an Ustasa knife! In my opinion, in the event of the collapse of Yugoslavia, Serbia's western borders should be determined according to the principles of natural and historical law, and according to the ethnic map that existed on 6 April 1941. Why then? Because during World War II, the Croatian and Moslem Ustase committed genocide against Serbs in those areas, and so Croats cannot today

and will never in the future be able to take any national profit for themselves from that great crime. In the event of the collapse of Yugoslavia, Jasenovac, Jadovno, Glina, and all the pits in Hercegovina and Lika and Kordun would vote, and not just them, but also all their unborn descendants, because they were also destroyed in those camps. I am also taking such a firm position because I would like to bring many Serbophobes and Serb-haters on the other side of the Drina to their senses, and dissuade them from the Ustasa dream of a Croatia from Subotica to Kotor. As long as Yugoslavia exists, there is no problem with where the western and eastern borders are for Croatia, Serbia, Bosnia, Montenegro, or Macedonia. I know that those divisions have been dreadful. The ethnic map of Bosnia, Hercegovina, Banija, Lika, Slavonija, and Kordun looks like a leopard's skin. The Serbian, Croatian, and Moslem populations are mixed there. Village to village, house to house, hamlet to hamlet—who will divide that correctly, and with what scissors? And, finally, why divide it? But if someone is longing for Austria-Hungary so much, and if someone is so set against living together with the Serbs, then he has to think about the fact of how he will divide it, and he cannot count on the maps made in Jajce and Brioni, without anyone's consent. Whose consent did the mappers in Jajce and Brioni have, when they hacked apart Serbia and its national territory in this way?

[START] The Yugoslavia that you are outlining can hardly exist, but in the event of its survival, in which, as you say, you nevertheless believe, what sort of program do you propose to the Yugoslav peoples, so that all of them, if this is at all possible from your scenario, will be satisfied, including above all the Serbian people, which you think is still in an unequal position? In other words, what is your alternative to Tito's concept of the system of internal relations within Yugoslavia?

[Draskovic] In addition to everything that I already said at the 4 March 1989 extraordinary assembly of the Serbian Writers' Association—that our country has to be parliamentary, democratic, multiparty, and that means de-Titoized, because none of that can exist while we are devoted to the sacred vows of Josip Broz—it is essential to ensure the unity of the spiritual and cultural Serbian area, and naturally, of the Croatian and Slovene ones as well, within the framework of Yugoslavia. It is essential to restore to the people that has suffered in Tito's Yugoslavia, the Serbian people, the national rights that were taken away through the revolution and after the revolution in Croatia, Bosnia-Hercegovina, Montenegro, and Macedonia—and especially in Croatia. The Serbs in Croatia are not any sort of foreigners or any sort of minority, and they must enjoy all the rights enjoyed by Serbs in Serbia: the right to their own national institutions, the right to their own Cyrillic script, and the right to have the closest spiritual ties with their parent republic, Serbia. No one can expel the Serbs from Croatia or denationalize them. I am also thinking of the Serbs in Bosnia-Hercegovina, Montenegro, and Macedonia, where they were forcibly denationalized after the

war, and where Serbian churches and monasteries were forcibly taken away in that capital of the Serbian Middle Ages. If two provinces remain as part of Serbia, the Serbs in Croatia must also gain the right to autonomy and must have their own autonomous unit. That is my opinion. As far as Bosnia-Hercegovina is concerned, I think that three autonomous units should also be created there: Serbian, Moslem, and Croatian. No one should deny or forbid the Serbs in Montenegro the right to their national name. That, then, is one solution, the one that I advocate. Another solution is a unitary Yugoslavia in which all borders would be erased. Perhaps it could be successful, but with the conjunction of historical circumstances and bitter experiences, and our animosities and hatreds, it can probably be ruled out. I repeat, however, any rational and civilized solution seems impossible to me, unless de-Titoization is first carried out.

[START] Very specifically—what?

[Draskovic] De-Titoization is inevitable. That is a *conditio sine qua non* for Yugoslavia. A Yugoslavia devoted to the holy vows and fundamental principles of Josip Broz cannot become part of Europe and does not have any chance of surviving as a state. The sooner we realize that, the sooner and with less suffering and sacrifices we will extract ourselves from our present misery, mutual hatreds, lawlessness, fanaticism, and cultural disgrace. I think that it is necessary to repeal at once the Law on Protection of the Name and Deeds of Josip Broz. That deceased man can no longer be within the jurisdiction of special laws or prosecutions or work brigades, which, as in Bosnia-Hercegovina, drag loads of stones onto bare hills to carve in his name. People should talk and write freely about Josip Broz, and historians, literature, and sociology should deal with his merits and faults. The generations judge deeds; they give everyone his due. Not even two and a half years had passed since Stalin's death, when Khrushchev pulled the mask from the face of the great dictator at the 20th Congress of the Soviet party. But what about Josip Broz's masks? For 9 years already, the Yugoslav communists have not even thought about holding their 20th Congress. Why? In whose interest is it to maintain the cult of Broz's divinity and inviolability, even by means of laws and the force of state coercion? In my opinion, every citizen of this country must be free to glorify him or to curse him. Let the historians and military experts say freely whether, for instance, Sutjeska and the Srem Front were great victories or unnecessary slaughters. Was the destruction of the bridge on the Neretva in 1943 a brilliant ruse by the Supreme Commander, or a bad order given in fear and panic? Let the residents of Uzice, Vrbas, Drvar, Velenje, Podgorica, Mitrovica, Korenica, and Veles decide freely whether they want all those cities to be Tito's. Let the people of Serbia freely say whether it wants or ever wanted at one time to celebrate, as the day of its uprising against the occupier, the day when Serb shot at Serb at a village market, where not a single occupier was present. Let a court freely rule under what law and by what right Broz moved into someone else's house in Dedinje in 1945,

and moreover chose the garden of someone else's house for his grave in his will. Why is there no 5-pointed star on his grave? By doing that, did he insult and humiliate the hundreds of thousands who followed him under that star for half a century? De-Titoization is above all the right of all citizens of Yugoslavia to challenge and take away the eternal mandate of Tito's, i.e., the Bolshevik, party and government apparatus, which have so thoroughly and comprehensively ruined this wonderful and rich country.

[START] In your opinion, what are the prospects for what you are talking about to be really carried out throughout our entire country?

[Draskovic] That continual communist reference to some sort of conditions, to times, to circumstances, really does not interest me. In principle, I am not interested in any sort of programs for salvation, if they come from the communists of Croatia, or Slovenia, or Serbia, or Macedonia. What interests me is multiparty parliamentarism in Yugoslavia, which, I think, is the only guarantee of democracy. I personally want the communists to be out of power for good, as has happened in Poland, and will apparently happen in Hungary as well. In my opinion, that is the only solution that offers a hope of rescue.

[START] Does that also apply to the communists in Serbia, who are still holding firmly onto their authority?

[Draskovic] I am talking about Yugoslavia, and Serbia is still part of Yugoslavia.

### **Ethnic Aspects of Sarajevo Shootings Examined**

90EB0058A Belgrade NIN in Serbo-Croatian  
15 Oct 89 p 27

[Article by Mirko Caric: "The Political Crime of 'Yugoslavia'"]

[Text] During 3 days last week, pistol shots were fired at the Sarajevo offices of Ljubljana's Adrija Airways and the commercial services of Nis's Elektronska industrija. In 10 days of investigation, the authorities found out who had shot at the Nis representation, but it is still not known who fired a 7.65 mm bullet at the display window of the Ljubljana airline, and made a small hole in the glass.

It is known from a report by the Sarajevo SUP [Internal Affairs Secretariat], which (for still unknown reasons) is sent only to TANJUG, that four older minors were detained. While playing and boasting to each other what they could do, naturally without the knowledge of their parents, they shot at the display window and the sign of Elektronska industrija from Nis. Misdemeanor proceedings were initiated against the delinquents; and (as far as the SUP is aware), these minors have been arrested previously.

What happened in front of the Adrija Airways display window is considerably more interesting, and allows

many more different interpretations, primarily because of two truly new phenomena: the secret organization "Yugoslavia," and the sentences "to death" of Milan Kucan, Joze Smole, and Vuk Draskovic. Both things sounded so irrational that most residents of Sarajevo almost immediately dismissed them as truly unrealistic. Admittedly, some doubts remained, since in "distorted" time "distorted" views and then even acts are also highly possible.

This thesis was very "practically" and quickly supplemented by two new phenomena on the same day. First of all, the director of the Adrija Airways office in Sarajevo, Muhamed Abadzic (who, by the way, receives his pay from the Slovenes, but represents Bosnia-Hercegovina in the LCY [League of Communists of Yugoslavia] Central Committee) hastily stated—although it was completely unnecessary—that his confidence in the SUP was almost boundless, with a "profound belief that the security authorities would catch the bold perpetrator...."

About 10 days have already passed, and at the time of the appearance of this issue of NIN, the perpetrator had not been caught. The shooting occurred on JNA [Yugoslav People's Army] Street, in the very center of Sarajevo, in front of the raised area of the National Theater, in the immediate vicinity of a taxi stand, next to the side of the most popular cafe in the city, on Miljacka—and there is still no answer to the elementary question: Who fired the shot, and why?

The assumption immediately appeared in OSLOBODJENJE that it was actually Moslem members of the illegal organization "Yugoslavia," thus adding a new note to the whole case by the involvement of a third ethnic group in the "game." The first two, of course, are the Serbs and the Slovenes, at least judging by the "death sentence." The drama was thus raised to a higher level, since later on there was no repetition of what was quickly and effectively said by telephone to Sergije Princip, the deputy editor in chief of Sarajevo's VECERNJE NOVOSTI. One can conclude from this that the representative of the illegal organization "Yugoslavia" was very experienced and precise, so that if everything went according to plan, it would be in stages. The first stage, of course, was a shot late at night at—as stressed by the champions of one more assumption—the Slovene amendments that had just been adopted. What remains unclear in this thesis is how the Slovene amendments and Vuk Draskovic are related.

It was later realized that Moslems did not have to be the only members of "Yugoslavia." The impression remained, however, that the members of that youngest ethnic group in our country ardently want to participate equally in the general political and news chaos and quarreling, even if it is in an extremely unacceptable manner.

Admittedly, it is no secret to anyone here anymore that this equality came a bit late, and that the Moslems had become more inclined toward the "Catholics" than the



"Orthodox." That can be clearly noticed occasionally among the delegates from Bosnia-Herzegovina in various federal bodies, and sometimes (with visible efforts to prevent something like that) it can even be seen in the statements of the current leadership of Bosnia-Herzegovina. One does not need to waste a lot of words on this concerning the newspapers. If one accepts the thesis that the media here are exponents of the ruling policy, then it is clear why OSLOBODJENJE, AS, NASI DANI, and VECERNJE NOVOSTI are expressing evident disagreement with the current policy of the Serbian Socialist Republic. For a long time now, there has been no positive word whatsoever at public gatherings in

Sarajevo about any event in Serbia. Logic and common sense are simply not recognized, while unbiased observers whom this journalist has met (with different measures of unpleasantness) perceive a crude lack of ordinary human respect and good will. The truth is being ignored.

The truth is not yet known regarding the shooting at the Adrija Airways display window. Even worse than that, one can see that what should not be is being increasingly permitted. The "little Sarajevo attacks" are continuing—fortunately, still outside working hours and late at night.



## POLAND

**Defense Industry Considers Exports, Conversion to Nonmilitary Use**

90EP0095A Warsaw GAZETA WYBORCZA in Polish  
19 Oct 89 pp 4, 5

[Article by Witold Paszek: "Squaring Away Armaments"]

[Text] The production capacity of Poland's defense industry was overestimated by western intelligence services as well as the Polish public. The myth that arose about thousands of plants producing for the needs of the military was furthered by, among other things, the then obligatory ban on publicizing any kind of data on this subject.

**The Status of the Defense Industry Today**

The defense industry includes 80 production plants including, among others: the Stalowa Wola Steelworks; the Kasprzak Radmor Radio Factory; the Krasnik Roller Bearing Factory; the Lucznik Plants; the Wifama Textile Machinery Combine; the State Aviation Plants; Stomil in Poznan; Pronit in Pionki; the Polnoncna and Wisla Shipyards in Gdansk; the Starachowiec Truck Factory; the Polish Optical Plants; and the Olkusa Enameled Vessels Factory. The defense industry also incorporates three design offices and a storage base for explosive materials and powders. These units employ about 260,000 people.

During the first half of 1989 these units produced 8.1 percent of the production of all the plants subject to the Ministry of Industry (in 1988, it was 7.3 percent). However, this does not mean that almost one-tenth of our industrial production "goes into tanks." In individual plants, "special production" can vary from several percent to several score percent. Only in a few cases does it amount up to 90 percent. On average, this year production is 70 percent civilian (last year it was 60 percent). In 1987 the value of civilian production amounted to 1.005 trillion zlotys.

The civilian production plans for this year call for the delivery of the following for the domestic market and export: 10,500 Star trucks; 13,500 camping and baggage trailers; 460,000 tires; 3.2 million gas cylinders; 480,000 television receivers; 378,000 tape recorders; 15,000 video recorders; 310,000 kitchen appliances; 470,000 sewing machines; 100,000 juicers; 450,000 coffee grinders; and 2 million records.

All the data given here relate only to a portion of the enterprises encompassed by the Defense Industry Committee. In addition to the firms subject to the Ministry of Industry (which provide 90 percent of the special production) mentioned previously, the Committee also encompasses the special plants of the Ministry of Transport, Navigation and Communications and the rework-production plants of the Ministry of National Defense.

**The Collapse of 'Special Production'**

The significant reduction in military orders by the Ministry of Defense (the orders for armaments and military equipment for the 1991-95 period have already been sent to the plants), which not too long ago was the main buyer of the "special production" (49 percent went to the military services; 5 percent went to the Ministry of Internal Affairs, the Ministry of Justice and the Central Administration of Prisons; and 46 percent was exported), has caused serious economic difficulties for most defense industry plants.

Plans to use the so-called simple reserves of the defense industry to bolster immediately the national economy by, for example, building agricultural machines on tank chasses are wishful thinking. Using several dozen tons of high-grade alloy steel and a huge, uneconomic engine for something that is supposed to function as a tractor is a silly idea.

The so-called conversion, that is, the shifting of production for civilian economy needs is a very complicated problem. This process is time consuming and extremely expensive for the plant: expansions are subject to taxes (for special production, credits are available for turnover tax and dividends from fixed assets); costs are incurred with the introduction of new products for production (adapting or importing—usually from the West—of new equipment and machinery, purchasing technology and training of workers). To this one must add the necessity to repay (with interest) bank loans for investments incurred in previous years that now—in association with the reductions in the armed forces—will not produce the expected profits.

Enterprise losses will be greater because one workhour in the defense industry produces economic effects that are three times greater, in terms of production value, than that same hour of work in civilian production (the fact that competition is maintained artificially is an entirely different matter—payments for military wares merely shifts money from one state pocket to another, thus, prices do not play a decisive role here).

In addition, many production lines now operating for military needs (the production of arms, ammunition, and explosive materials and powders) cannot be shifted to civilian production for technical or strategic reasons (the need to assure mobilization reserves and to be independent of external sources in case of war).

It also should be remembered that if we completely stop producing arms and armaments in Poland then we will have to import them from our Warsaw Pact allies, paying for them in foreign exchange.

At the request of the Ministry of Industry, the Defense Industry Committee has planned, despite these drawbacks, to increase civilian production this year by 102

billion zlotys (including an increase in market production of 48 billion zlotys), and for next year it will be 107 billion and 40 billion zlotys respectively (based on year end 1988 prices).

However, these decisions do not change the status of the defense industry plants. But the share of their production designated for civilian use will increase significantly (only in the quite distant future will the question concerning the transfer to civilian administration of about 20 plants presently involved in "special production" will be considered).

Right now the directors of these plants already have the authority to use factory space and machinery used till now for military production for civilian production. The directors can also transfer independently workers from special departments to civilian production. The initial results of this are now in: minitractors are coming off the production line in Skarzysko; loaders and self-propelled cranes are being produced in Labedy; and very shortly machinery for small butcher shops will be produced in Bolechow.

Production for the civilian market would be even greater if it were not for the shortages in raw materials. For example, the Niewiadow plants could produce many more home appliances, but there is a shortage of low-power electric motors. While it is true that lately, after foreign exchange funds have been received from the Bank for Export Expansion, technical equipment to produce these motors has been purchased from the West, a radical improvement cannot be expected in less than 2 years.

#### More for Export?

The whole world deals in armaments, and it is an exceptionally profitable business. It is widely known that Poland has been participating for a long time in the international trade of armaments and military equipment. This year we will earn about \$320 million and 850 million rubles for "special production."

The Labedy Combine, which among other things produces and exports armored equipment, has brought in over \$1.5 billion and about 2 billion rubles for the national economy.

It has been calculated that for tank exports we earn from two to three times more (to the socialist countries) and up to several dozen times more (to the capitalist countries) than we do for car exports (based on the price per kilogram of item sold)!

There are many more examples: the Niewiadow factory's export of camping trailers is barely profitable, but its hand grenade exports produce profits of 300 percent.

Our firearms, engineering equipment and radar equipment are eagerly purchased by foreign customers (for example, Libya's antiaircraft radar was produced by Warsaw's Rawar.

The main obstacles remain the same: political barriers and the low competence of the Central Administration of Engineering, the monopoly for exporting armaments and military equipment.

However, talks are now in progress on the possibility of "civilian" foreign trade administrations undertaking the marketing, advertising and selling of military equipment. This is especially important in view of the growing competition in international markets (among the socialist countries also).

Today there is talk already about the Bolechow plants producing ammunition for export that meet the standards of NATO armies. The Bundeswehr wants to place orders with our plants for uniforms, and the Americans are interested in importing military boots from Poland.

The problem of ethics and morality is an entirely different question, one not to be considered by economists. Is the arms trade a business just like any other business?

#### Veterans Group Calls for Depoliticization of Its Role

90EP0049A Warsaw RZECZPOSPOLITA in Polish  
16-17 Sep 89 pp 1, 2

[PAP Report: "Common Combat Traditions: The Union of Fighters for Freedom and Democracy an Organization Above Politics"]

[Text] The 50th anniversary of the outbreak of World War II and the 40th anniversary of the foundation of the Union of Fighters for Freedom and Democracy, formed on the 10th anniversary of German aggression against Poland, were the subject of the ceremonial meeting of the Main Council of the Union.

Wojciech Jaruzelski, president of the People's Republic of Poland, participated in the meeting.

"At the end of last month and the beginning of this month, the entire nation commemorated its tragic, heroic fate in the greatest military struggle in human history so far," commented Henryk Jablonski, in his remarks opening the deliberations. "The years have past; new generations that do not remember those years have grown up. The picture of the prewar past is incomprehensible to them, and as a result, they are unable to understand properly what Poland's stand was against the background of the times, and what was held in common in spite of the differences and internal divisions. On the other hand, what divided, what imposed different political orientations, what led to the various armed formations—the memory of these is still alive, handed down to sons and grandsons."

Referring to the 40th anniversary of the Union of Fighters for Freedom and Democracy, the chairman of the Main Council asked a question that has been

repeated many times in discussions among former combatants: What national traditions should the Union regard as its own and hand down to the younger generations?

Without rejecting their own views, to understand the reasons of others, to hand down to the next generations the pride in the patriotic attitudes of their fathers, regardless of how and where, in what units and in what alliances they fought for the good of their homeland, he stated in response. "If their intentions and consciences were pure, they are worthy of recognition and proper respect." Prof Jablonski emphasized that the Union's representation of the issues of common combatant traditions is not something new, nor was it initiated under the influence of current events.

"It is high time for us to attempt to hand down to our offspring faith in their nation, pride in what is honorable and beautiful in it, what is above all divisions, even if they reach dramatic dimensions, as our forbearers were able to do," the spokesman said.

Eugeniusz Szyr, deputy president of the Main Council and a participant in the union congress of the Union of Fighters for Freedom and Democracy in 1949, presented the 40-year history of the Union of Fighters for Freedom and Democracy, its achievements and problems, its accomplishments in integrating the extremely varied combatant community.

"In a pluralist system the Union cannot be joined to any party," E. Szyr emphasized. "Consultations with the leading political actors should be held only as equal partners. It is essential to oppose all attempts to bring elements of political struggle into the association whose aim has been, for more than 40 years, to be a forum for understanding and national unity."

During the deliberations, a letter from Jacek Kuron, minister of labor and social policy, to the members of the Union congratulating them on the anniversary of their organization and assuring them that the issues of the community will be the object of the ministry's concern was read out.

### Students Demand End to Compulsory Military Instruction

26000002P Munich SUEDEDEUTSCHE ZEITUNG in German 24 Oct 89 p 8

[Article by Thomas Urban, Warsaw: "Military Instruction Boycotted in Poland"]

[Excerpt] On Monday [23 October 1989] students at more than fifty institutions of higher learning resumed their boycott of compulsory military instruction. The Independent Student Association (NSZ), registered a month ago, and other student groups decided on this measure over the weekend. According to a statement, along with the boycott, emphasis should be placed on talks with the Ministry of Defense on the abolition of military instruction.

The courses in military tactics, ideological instruction, marksmanship exercises, and gas mask training have until now fallen under the purview of the Ministry of Defense, not of the university administrations. In every secondary school, and in all universities and professional schools, specially assigned officers are charged with this instruction.

Representatives of the NZS, which is closely associated with Solidarity, declared that under the aegis of democratization there can no longer be any place for military instruction. Furthermore, the overwhelming majority of the population does not share the view that Poland is under threat from the states of Western Europe or from North America.

As a show of good faith in the negotiations with representatives of the Ministry of Defense, the NZS discontinued the boycott in the medical schools, where students must pass courses in military medicine. At several universities there were also protests against compulsory civil defense drills. Central to these drills is the conduct of the citizenry in the event of a nuclear attack.

Representatives of the environmental protection and pacifist organization, Wolnosc i Pokoj [Freedom and Peace], made new demands for a revision of the law on alternative civilian service. This law, passed before the change of government, is the first in a socialist country to regulate alternative service. In the view of the representatives of the organization, the implementing regulations, however, are in part very unclear and leave much room for arbitrariness. [passage omitted]

## CZECHOSLOVAKIA

### Change of Existing Economic Model Urged

90EC0115D Prague SVET HOSPODARSTVI in Czech  
3 Oct 89 p 2

[Article by Jan Urban: "The Standard of Living in Czechoslovakia—A Change in the Existing Model as a Condition for Further Development—A Considerable Amount of Social or Unpaid Consumption Is Accompanied by Low Efficiency of the Expended Resources and Weakens Economic Incentives"]

[Text] In the prognostic strategy pertaining to socioeconomic development in the CSSR through the year 2010, questions pertaining to the standard of living occupy a significant position—in many instances, they represent the point of intersection for problems dealing with the economic, social, and scientific-technical development of the country. If the dynamic development of the standard of living is the central goal of the entire strategy of the future, then a higher degree of satisfying the material and cultural requirements simultaneously becomes—under the influence of the worldwide growth in the feedback functions of the standard and quality of life—evermore one of the key factors in the growth of economic efficiency. However, it is not possible to attain this growth, at the same time, without fundamental changes in the socioeconomic and economic-policy mechanisms of development, which are closely connected with changes in the traditional concepts governing the content and structure of the standard of living, without making a transition to a new model of the standard of living, which is commensurate with the requirements of a modern and efficient economy. The existing model governing the development of the standard of living that came into being during the 1st decade following postwar socioeconomic development in Czechoslovakia was the reflection of the political needs and ideological concepts of its time: it was oriented in favor of basic components of the standard of living (full employment, satisfying fundamental material requirements), it was based, in principle, on egalitarian wages and on the offering of undifferentiated standard merchandise, it was based on the express preference for the development of social consumption over personal consumption, and was also based on a generally high degree of central guidance with respect to consumption. The prosecution of these priorities is accomplished, to this day, by pricing, subsidy, taxing, and budgetary mechanisms; they are also reflected in the structural policy, or in industrial policy. Despite the fact that the above-listed concepts of the development of the standard of living—which are frequently one-sided priorities for fundamental needs at the expense of higher requirements, accompanied by the priority development of social consumption over personal consumption—resulted in a relatively decent standard of living in the first decades of socialist development, the approximately last 20 years have seen the rise to prominence of a number of limitations and conflicts in its internal logic. The surviving

"social" concepts of the standard of living, accompanied by their intensely administrative-directive regulation, is coming increasingly into conflict with the directions of development governing the standard of living which reflect the changing requirements of the populace; as a result of its low consumption efficiency or its high costs, this concept simultaneously constricts the opportunities of its own expansion. A number of elements in this concept of the standard of living, its structure and mechanisms, are not only losing their social and economic functions in the current period, but are becoming dysfunctional from the standpoint of increased efficiency in the economy and from the standpoint of an increase in the standard and quality of life.

### Conflicts Involving the Existing Level of the Standard of Living

A number of conflicts involving the existing model of the standard of living are linked with often subjective decisionmaking on the part of the economic center regarding the directions and priorities of socioeconomic development. If economic activity results in an adequate social effect only if implemented within the proportions corresponding to existing priorities, then the administrative-directive model of development pertaining to the standard of living generally results in unilateral preferences favoring one set of requirements or activities at the expense of others. Its well-known results include a growth in the volume of production, accompanied by its quality obsolescence, the development of conflicting production goals at the expense of health-hygienic and ecological conditions, at the expense of the development of the infrastructure in the area of culture, education, sports, etc., at the expense of housing construction and housing organizations having low architectonic levels, and at the expense of public facilities or it results in problem-ridden capital development at the expense of the standard of living. This generally involves manifestations which are not objectively essential: they are merely the results of surviving concepts of management and functioning of the economy, the results of the limited opportunities at the disposal of the populace to express its interests and preferences—through the medium of the marketplace or through other democratic mechanisms.

In the above-listed sense, a conflicting moment in the existing concepts governing the standard of living is also represented by efforts to solve the social aspects of the standard of living through the medium of pricing policy. The deviation of price relationships pertaining to goods and services in the consumer market from expenditures or from conditions dictated by the supply and demand of goods, which in the beginning phase of the creation of a socialist society undoubtedly contributed to the broad satisfaction of basic requirements and hastened the growth of the standard of living, is currently encountering a number of problems in the face of an increased material standard and a growing differentiation of needs. This policy is not only losing its social pertinence, but leads to wasting relatively "inexpensive" resources and

services, or their excessive use, and prevents the structure of the consumer demand and the accompanying application of social resources from becoming oriented in the direction of the economic optimum. It thus increases the resource intensity of the growth of the standard of living and, paradoxically, maintains a high share of basic requirements within the structure of consumption, that is to say, it acts as a brake on its development, which is characteristic for a growth in the material well-being of society. In the final result, then, this policy does not protect the consumer against manifestations connected with the lack of respect for the economic essence of prices—does not protect against shortages, queues in front of stores, panic buying, hoarding, etc.

The "social" concept of the standard of living—the nonspecific funding of fundamental requirements, accompanied by a more rapid growth in social consumption in favor of personal consumption—is clearly discernible in an international comparison of the structure of social consumption. Whereas in the industrially advanced countries the personal consumption component of the gross national product [GNP] is approximately 60 percent, in Czechoslovakia, estimates are that it is 44-48 percent. The share of social consumption, which under Czechoslovak conditions approaches about one-third of the GNP, is extremely high in international comparisons, even in comparison with countries which have a traditionally strong and widespread social function of the state, for example, in Sweden (27.8 percent of GNP) or Norway (25.9 percent). However, in view of the fact that in Czechoslovak social consumption a substantial role is played by resources and services which do not have a specific or direct social character (primarily dwelling, personal transportation, communal services, cultural services, and recreation), the share of actual social expenditures (that is to say, expenditures for health services, education, and social welfare, including social pensions) in the GNP of Czechoslovakia is relatively low in comparison with the average in industrially advanced countries (17 to 20 percent of GNP, in comparison with an average of 25 percent in countries of the Economic Community).

The substantial volume of social or unpaid consumption is accompanied not only by a high degree of inefficiency pertaining to the expended resources (this is documented by problems involving the squandering of unpaid services or resources where the lack of economy is paradoxically reflected in higher "outputs" of these branches) and their low quality, but is also in conflict with the development of economic incentives. The natural satisfaction of requirements is then generally accompanied by the problem of consumption unification—that is to say, by the limited opportunity of the consumer to prosecute his ideas with respect to the content of consumption. Both of these problems are all the more serious in the long run because the area of highly subsidized services includes a number of differentiated and motivationally strong-acting needs. The transfer of

part of these subsidies to personal consumption, that is to say, into wages, within the framework of social consumption itself, into expenditures for social purposes would only tend to increase the efficiency of utilizing the appropriate social resources in this sense, but would also strengthen the sovereignty of the consumer; the lowering of subsidies in some branches of the nonmaterial sphere would not necessarily have to result in an increase in prices for the appropriate services to the full extent: the new economic mechanism should even here activate the undoubted reserves which exist with respect to lowering costs.

A conflicting element in the existing "model of the standard of living" is also the undemanding nature of the sphere of labor efficiency, which is made possible by a weak or totally missing threat to the existence of inefficient economic entities. The above model of the standard of living, which is economically based on a widespread network of redistribution relationships, undoubtedly suppresses the social insecurity of an entity as a producer, but essentially leads to a decline in the efficiency of the economy and, along with it, to an express expansion of insecurity in the sphere of consumption. However, it is the source of still further problems—overemployment, wage equalization, underestimation of qualifications, as well as the development of a "black" economy. A high degree of "satisfying the requirements" of man as a producer, which leads to the actual decoupling of production from the interests of consumption, is, however, also reflected in ecological matters, etc.; in other words, it is redeemed at the expense of express economic disadvantages: it represents a certain "overshooting of the target" in social policy. However, this model is not the result of the choice of workers or of a social consensus, but is caused, rather, by the system of management imposed on the economy which does not create adequate room and motivational stimuli for the activity of economic entities. To assure higher quality of consumption of goods and services, but at the same time also a more dynamic development of other components of the standard of living, it would be necessary to accept the "price" in the form of weakening certain "social securities" (which are advantageous from the group or individual standpoint, but which have a negative effect from a national standpoint); however, the gain from this "social exchange operation" would more than compensate for this price without a doubt. The prerequisite is the elimination of all mutually connected forms of state protection for producers, a transition from the social function of enterprises to the entrepreneurial function, accompanied by the transfer of this social function to the actual social policies of the state.

The above-mentioned conflict inherent in the existing model of the standard of living takes on particular significance in the present period with the need to effect changes in the structure of the economy. These changes, which are connected with the shutting down of the traditional industrial sectors, with the demise of some professions or with the growth of requirements for

qualification training and the professional adaptation of manpower, naturally also have their socially unpleasant side. "Social costs" accompanying technological and structural restructuring in all advanced economies often have the appearance of being socially tough measures, but, in an economic environment characterized by an acceleration of technological progress, become an essential prerequisite for maintaining the pace of the economic and living level in advanced countries. Obsolete elements in the industrial structure cannot, in the long run, be preserved without negative effects upon efficiency and the growth potential of the economy. The experiences of industrially advanced countries indicate not only that efforts to accomplish objectively necessary structural shutdown changes, motivated by social or regional considerations, result in substantially greater socioeconomic losses from the long-range standpoint than the acceptance of necessary "adaptational sacrifices," but also indicate that the working public tends to accept these "social costs" in exchange for a higher degree of "consumer comfort" which the technological-structural modernization of the economy undoubtedly brings about.

#### **Starting Points for the Dynamic Model of the Standard of Living**

Among the basic starting points of the newly conceived model of the standard of living is the strengthening of its ties with realistic work efficiency. From the standpoint of macroproportions, this strategy should be based on the redistribution of social consumption in favor of personal consumption; from the systems viewpoint, then, it should primarily involve the elimination of barriers preventing the actual application of socialist principles of remuneration, but simultaneously also of barriers to the expansion of the consumption offering and the emancipation of the consumer.

The system of remuneration in Czechoslovakia has substantially deviated from the principle of remuneration according to work performed—in the spirit of the administrative model, far more value attaches to the nominal characteristic of jobs and functions, or membership in an industrial branch rather than to efficiency, initiative, and entrepreneurship. No matter how wage equalization has been criticized over the long pull, it continues to increase. If the "social foundation" for the equalization of wages is the surviving concept of social justice in remuneration (the concept of just remuneration as being remuneration which is essentially egalitarian), it rests economically on the exclusion of the market processes from the sphere of distribution. The suppression of the marketplace as an "impersonal" process which objectively vets the purposefulness of expended labor and restricts remuneration only to its socially recognized quantity and quality not only liquidates the pressure exerted on economic efficiency, but also upon the irrational management of manpower, a component of which is wage differentiation between efficient and inefficient individuals; this facilitates and leads to the

employment of persons with negligible work contributions. If equivalency relationships between objectively verified economic contributions made by economic entities and their revenues are disrupted, if an objectivized mechanism for remuneration is missing, a mechanism which is essentially administrative in nature with its subjective criteria and concepts pertaining to just distribution takes their place. An objective mechanism, based on competitive market exchange relationships, is not only a mechanism oriented toward social justice in distribution of wages (distribution is accomplished according to socially recognized work) and toward the stimulation of economic efficiency, but is also oriented toward the socially efficient distribution of manpower.

A transition toward an economically and socially functional disparate model for remuneration in the above-mentioned sense is only possible if accompanied simultaneously by the elimination of the administrative-directive model of economic management, with the revival of the competitive market mechanism which makes the earnings of entities dependent upon their real economic incomes—upon the capability of meeting the demands of willing buyers and increasing the efficiency of production. It is only under these conditions that one can expect a renewal of natural values to take place: the prestige accompanying qualified and responsible work, efforts to increase individual qualifications, etc. In this regard, let us stress that not even well-intentioned efforts to create more favorable material conditions for highly qualified work can succeed if they are based again on administrative regulation—the value which attaches to this work must stem primarily from the natural requirements of the economy, from the demand for qualified manpower, and from the importance of education to the efficiency of economic entities. The prerequisite for the rational functioning of a system of remuneration under conditions of the new economic mechanism is, moreover, the gradual loosening of central wage regulation (which have nothing in common with remuneration in accordance with realistic quantities and qualities of work performed) with the prospects of restricting this regulation only to the area of minimum wages (guaranteed by law).

The goal of making the transition from an administrative model for remuneration to an economic model naturally is not to increase the income differentiation per se. This exists in reality today—if we consider income from the unofficial economy—at a clearly higher level than that which is represented by current wage differentiation in a number of Western countries. The goal is a wage differentiation which is economically and socially functional, which is based on the relationship between supply and demand in the labor marketplace, which supports the rational management of manpower and its desirable mobility. The extent to which the application of this mechanism would actually open up the fan of income differentiation remains a question: For purposes of illustration, let us say that the ratio between the highest and

lowest employee salaries in Scandinavian countries before taxes is in the range of 1:3.

Problems of consumer supply are closely connected with questions of the distribution processes and their stimulative tasks. The core for their solution is the elimination of consumer deformations, connected with administrative forms of management, with the underestimation of the task of the competitive market mechanism in servicing the needs of people.

The above-listed deformations include primarily the subordinate position of the consumer versus producers and their limited influence upon the formation of consumer supplies. The separation of producers from the pressure and requirements of the consumer market, the elimination of domestic and foreign competition, together with multifaceted state protection of producers at the expense of the interests of consumers, gives rise in an administrative system to chronic conflicts between the interests of producers—to produce at the highest possible cost, at the minimum level of quality, and with the minimum level of innovation, without regard to consumer requirements, etc.—and the interests of consumers; a conflict which is mitigated only by sporadic moral appeals by the center to producers. The position of the consumer is further degraded by the systemically created market imbalance—an extensive inflationary overhang on the purchase-capable demand side over the realistic supply—with long-term negative effects upon consumer psychology: competition between producers is “replaced” by competition among consumers. All of the above deformations tend to lower the quality and efficiency of the consumption process, mean a wasting of material and human resources at the disposal of society.

The solution for the chronic conflict between the interests of producers and consumers, which is characteristic of an administrative system of management, is known. It consists of a thorough revenue dependency on the part of producers upon satisfying the requirements of the marketplace (including the cessation of state support for money-losing enterprises, which carries with it the constant threat of development of inflationary pressures on the domestic market), accompanied by a demonopolization of the economy. This demonopolization should be supported not only by antimonopoly legislation (the position of monopolies outside of the law), but also by the opening of room for the entry of new producers into sectors, by limiting administrative and economic barriers to entrepreneurship, including the necessary first-time entrepreneurial activity, not restricted to deficit sectors of the economy. Part and parcel of this solution is naturally also the rationalization of the system of retail prices as a fundamental informational basis for the decisionmaking process in enterprises, the transition toward decentralized price formation liberated from the subjective incursions on part of the central authorities, with a few exceptions.

This tendency, leading to the democratization of the consumer market, to the renewal of consumer rights, and

to the establishment of a market balance, should then be accompanied also by changes in the economic policy concepts which protect producers and prioritize their interests over the interests of consumers. Among others, these include protectionism (whose extreme form is the nonconvertibility of the currency), or a restrictive import policy, which frequently deprives the domestic market of products which are currently available even in developing countries: if in 1986, Czechoslovak per capita imports of consumer goods from advanced markets were valued at \$14.40, their value in Hungary was \$29.80, in the GDR \$36.70, and in small West European economies \$700 to \$1,500.

An important role in reviving consumer supplies, but also with respect to the expansion of health-restoring competitive relationships, should be played, from the short-term standpoint, primarily in the area of services, by the making of room for individual and cooperative entrepreneurial initiative, primarily with respect to the establishment of new enterprises on this basis. A prerequisite for this is not only the abandonment of surviving administrative regulatory practice, but also the creation of a favorable economic and legal climate for entrepreneurial, investment, and establishment activities for these units. In this area, the economic policy liberalization, accompanied by an active taxing and loan policy, stimulating small enterprises, would facilitate not only the transfer of extensive shadowy economic activities into the official economy (and thus would even stimulate their efficiency), but would primarily make it possible to liberate significant productive forces in the economy to expand the supply—forces which are blocked today. And last but not least, this policy would also represent a way toward fulfilling the first part of the slogan “From each according to his capabilities, to each according to his merits.”

The reform of the supply side of the economy should create the prerequisites even for the elimination of the structural deformations which exist in personal consumption and which are connected with the lack of a sovereign position on the part of the consumer (substitute consumption), should make room for the expansion of the structure of consumption reflecting the preferences of consumers and international tendencies. These tendencies are based on the gradual transfer of the focal point of consumer demand toward goods and services which satisfy the more demanding and developmental requirements, that is to say, the lowering of the food component and material component of present-day consumption (clothing, footwear, etc.), are based on the structure of consumer expenditures and on the growth of the share of the more demanding industrial products and particularly services connected with dwelling, transportation and communications, health services, culture, recreation, etc.

The surviving “social” concept pertaining to the standard of living, justified in the early years of socialist development, has led to the development of an internally conflicting structure of the living standard in succeeding



years, a structure which, in many instances, is dysfunctional from the standpoint of further dynamic socioeconomic development. The starting point for the prognostic strategy is the urgent harmonization of the proportions between the individual components of the standard of living which reflect the needs of the social reproduction process and the requirements of the populace. The prerequisite for this harmonization is the elimination of economic voluntarism, the imposition of a socioeconomic mechanism which provides room for the activities of economic entities, as well as equivalency relationships in the area of remuneration. It is only on the following foundations that it is possible to solve the principal problems of the material standard of living—revival of the growth in personal consumption, elimination of equalization in the area of remuneration, revival of the prestige of work and qualification, strengthening of employee morale and efficiency, and reduction of the present level of overemployment and increased amounts of leisure time.

#### **Pluralism, Dialogue Must Accompany Economic Reform**

*90EC0115A Prague SVOBODNE SLOVO in Czech  
8 Nov 89 pp 1, 4*

[Article by Karel Loeb: "On the Essence of Socialism"]

[Text] The results of the national economy for this year do not deviate from the tracks of previous years. The fact that we are dealing with a transitory period, in which methods of management and planning survive and elements of the new economic mechanism are being born in pain, cannot be any consolation. Given a growth rate for gross national income of approximately 2 percent—in other words, a rate lower than that in comparable European industrial nations—much effort had to be expended to solve the unbalanced relationships, to handle substantive problems of the economy, to manage its organizational arrangement, and to fine-tune the relationships between the production sphere and the unified executive national economic center which is taking shape. The anticipated increase in the creation of profits and improvements in the development of production costs represent a step forward even though they do not signify an express reversal. Seen from an older viewpoint, things are different with respect to the fulfillment of the adjusted value added plan, by about 1 percent, which is not being fulfilled by every fourth industrial or construction enterprise. Here, the situation is similar to the way it was last year or the year before.

Much still needs to be done before the state enterprises can hold their own ground under the new conditions, effective 1 January of next year.

However, not even in the not quite 40 working days remaining before the end of this year is it possible to ease up with respect to the tasks of the plan. Goods production at a level of Kcs 3 billion, comprehensive housing construction, the ecological program, and other intentions are threatened. Primarily, it is necessary to harness

the common effort to supply the domestic market. This is a sensitive problem, particularly during the pre-Christmas period. The federal and national governments have adopted a number of measures designed to satisfy the demand from domestic resources, from imports, as well as to safeguard the supplies for the population against having them bought up by so-called foreign tourists. Nevertheless, the domestic market and its priorities must be the focal point of everyday attention on the part of state enterprises which produce and trade consumer goods, of national committees, their service enterprises, their agricultural, producer, and consumer cooperatives, as well as the organizations of the National Front.

Next year will show whether the existing cadre composition along the entire management axis will be able to fulfill its tasks. This can be accomplished only under conditions where there is sufficient entrepreneurship, sufficient courage to enter the competition with the rest of the world, and sufficient strength to save everything which is surplus—including people and the means of production. This will be successful only if the innovation process can be accelerated, including the introduction of the results of scientific-technical progress in practice. We will succeed only if there is courage in the face of changes pertaining to the structure of production and lowering the worldwide assortment of products from today's 70 percent to the prospective 40 percent under the assumption that we shall enter more broadly and with greater efficiency into the international division of labor. What is involved is for those who do not succeed in management to be replaced by more capable, more vigorous, better educated, and generally younger people. This should be accomplished in a democratic manner, involving the utilization of competition. Otherwise, we shall stagnate and we will miss the boat.

The democratization of society must be deepened, hand in hand with introducing the new mechanism for managing the national economy. What is involved here is the totality of hitherto unvitalized mechanisms and resources, the mutual actions of initiative, the creative intellectual wealth, stemming from the openness in popular relationships and public information at the disposal of the populace, of mutually stimulating feedback, of substantiveness and truthfulness. In doing so, it is necessary to keep in mind the experiences of our friendly neighbors, where social developments have lost contact with the development of the economy and vice versa. We should learn from them, we should avoid mistakes and losses, we should make more use of our national democratic traditions. We should grant more rights and demand more obligations.

The problem of the quality of leadership even in the political and popular administrative sphere will be more clearly opened up next year. This will be an unprecedented labor-intensive and intellectually demanding period of time; a time for the formulation of new approaches toward new phenomena of domestic and



foreign policy. Even here, and primarily here, will political courage, education, the capability to communicate with the masses, the ability to conduct a dialogue even with those who have views which differ from the official views and the search for political solutions will come to the forefront. It will be all the more truthfully necessary to devote unusual care to the preparation of congresses or conferences of political parties. It will be essential to still further expand the activities of the National Front. Gradually, workers having the maximum amount of credibility, for whom even motivational thinking in the economy, utilizing science and technology, will come naturally, should be prepared for assignment to decisive functions.

Recent sessions of okres and kraj committees and recent information activity on the part of the Czechoslovak Socialist Party have reconfirmed full support for the reforms which lead to the prosperity of our economy and, in this connection, to a real deepening of democracy. Many an official pointed out that things are being handled in the old manner in their enterprise, that thinking of the cost-accounting [khozraschet] type and the innovative wind has not yet been felt there and also that some okres officials feel differently about democratization than is expressed in the documents which emphasize making the work of the National Front more efficient and in other resolutions passed by the Seventh Session of the CPCZ Central Committee. They demonstrated that, despite a number of initiatives and proposals, many okreses and krajs have, for the time being, failed to make use of any member of the Czechoslovak Socialist Party—even if he were a recognized specialist—in a leading position in the economic sphere. Although this is only one yardstick for measuring the policy of entente, it is being fulfilled very slowly.

We consider permanent care for the environment, the increasing of the national income, and, in utilizing it, the acceleration of personal consumption which motivates creative initiative, quality, efficiency, production at key levels comparable with industrially mature nations to be important. We view as one of the points of departure in this regard the establishment of such market relationships and conditions which would support the intentions of the socioeconomic development of society, would support socialist entrepreneurship on the basis of state, cooperative, and individual ownership within the framework governing the rules and instruments of the economic mechanism.

From the standpoint of satisfying the membership base of the Czechoslovak Socialist Party and its program efforts, we also emphasize moral, social, and ecological viewpoints, the scientific and humanitarian accents of socialism. We repeat that the way forward cannot proceed without the development of democracy, without the application of pluralism, alternatives, and dialogue. It would be an error not to utilize the political and interest variety of the parties and social organizations combined in the National Front. This is not a matter of a formal platform, of an administratively perceived unity, but

rather a question of social partnership and alliance, of refining discussion views and the finding of optimum points of departure for solutions of tasks facing Czechoslovakia and all of central Europe in the closing decade of our millennium.

We connect our way forward with socialism, with its patriotic and humanistic essence; we proceed on the basis of progressive national traditions and on the basis of the democratic heritage of our history.

### Definition of CSSR National Income Questioned

90EC0115B Prague MODERNI RIZENI in Czech  
No 9, Sep 89 pp 5-8

[Article by Eng Zdenek Petricek, Institute of Management, Prague: "National Income Growth—But What Kind of National Income?"]

[Text] In almost all articles, contributions, commentaries, and dissertations which deal with the development of the Czechoslovak economy, we encounter, in first place, data on the national income. An attentive reader is frequently surprised that this basic economic indicator shows differing magnitudes and differing developmental tendencies in the same period.

If we disregard the outright errors which occur in these data only on an exceptional basis, then the differences are caused by the fact that sometimes the term national income deals with its creation, at other times its utilization, by the fact that it is sometimes listed using the net method, the next time the figures are gross figures, the pricing levels for its definition are not differentiated nor is the type of balance dealing with the creation and utilization of the national product and the national income on which it is based.

A reader who is knowledgeable with regard to the balancing problem then has no choice other than add the correct content limitations to the given number on the basis of personal experience or with the aid of official documents (for example, using the Balance of the National Economy of the CSSR). The remaining users are relegated to having to use their own judgment. Even among specialists, there are frequently imprecise interpretations pertaining to the sectoral structure, as it pertains to the creation of the national income. It is clear that there is only a small step from the incorrect or imprecise interpretation to the disorientation of readers and users of the appropriate materials.

If, in defining the national income, we proceed from the Unified System of National Economic Indicators, we find that the created national income characterizes a newly created magnitude embodied in all material property produced in the year under consideration in the sectors of the production sphere. (The sectors of the production sphere are agriculture, forestry, water management, industry, construction, freight transportation, production communications, commerce and public catering, material-technical supply, bulk buying, and

other production activities.) From this characterization, however, there is a lack of clarity between the obvious relationship between created and utilized national income and between the gross and net methods of balancing. For purposes of specifying these concepts, it is more appropriate to briefly describe the balance of creation and utilization of the national product and the national income (hereinafter referred to as NP and NI, respectively).

### The Structure of the NP and NI Balance

Within certain limits, the structure of the balance can be modified according to the purpose for which it is intended. However, the following basic components may be considered under the net method concept:

- I. Creation of the national product, including figures for sectors of the production sphere
- II. Foreign trade balance
- III. Production consumption, including figures for sectors of the production sphere
- IV. Creation of national income, including figures for sectors of the production sphere
- V. Nonproduction consumption

Personal consumption of the populace, including retail purchases

purchases on the agricultural marketmaterial consumption

other personal consumption Material social consumption

- VI. Net capital formation, including increments in basic assets

changes in the status of uncompleted construction increments in the quantity of circulating capital and inventories

- VII. Losses

Usable national income

Utilized national income

The principal balancing relationships are as follows:

- creation of national income = creation of the national product minus production consumption (even in the sectoral breakdown);
- foreign trade balance = imports minus exports;
- usable national income = creation of national product plus foreign trade balance minus production consumption minus losses;
- utilized national income = nonproduction consumption plus capital accumulation;

- usable national income = utilized national income (this is valid only in statistical balances for Czechoslovakia. The planning balances and statistical balances for the Czech Socialist Republic and for the Slovak Socialist Republic permit so-called balance discrepancies.).

The sectoral breakdown pertaining to the formation of the national product, production consumption, and the creation of national income deserve a separate commentary. What is meant by sectors here is the activity, without regard to organizational breakdown, in which national income or national product are realized. For example, industry even includes industrial activity on the part of agricultural organizations (related production), of construction organizations (maintenance of industrial products), transportation organizations, etc. On the other hand, nonindustrial activities of industrial enterprises are categorized in the appropriate sectors. These can be, for example, the construction industry (construction maintenance), freight transportation (transport activities), commerce and public catering (the activities of an enterprise cafeteria), capital goods distribution (supply), and even agriculture (the cultivation of crops on reclaimed land).

From the above, it is clear that it is not possible to directly confront cumulative results, for example, of industrial organizations, with the results of industrial activity for the whole national economy in the same manner in which they are recorded in the balance sheet.

The balance using the net method is considered to be fundamental in statistical practice. On the other hand, planning organizations tend to make more use of the gross balancing method.

The main difference between both concepts lies in the fact that while the wear and tear on capital assets is considered part and parcel of production consumption in the net method, it is considered as part of the creation of national income under the gross method, national income which is then designated (or should be designated) as gross national income. The above difference is even reflected in the components of utilized gross national income.

Among the advantages of the gross method is the fact that increases in basic assets and changes in the status of uncompleted construction are replaced by the investment component of capital accumulation, which has a direct tie-in with the indicator of accomplished investment work and deliveries which are currently used in capital construction. In comparison with the national income, the volumes and pace of creation pertaining to gross national income achieve a greater numerical magnitude. The results of the national economy which are characterized with the aid of the gross national income method then have a better optical effect, particularly if it is "neglected" to state that this is a gross balancing indicator.

### Valuations Utilized in the NP and NI Balance

For purposes of primary expression of balancing indicators, actual realizational prices are used, prices which are generally designated as current prices (for example, wholesale prices, retail prices, bulk buying prices, tariffs, etc.). Indicators expressed in current prices suitably characterize the transactions of the reproduction process, but cannot capture its dynamics because they are distorted by price, methodology, and organizational influences. This leads to the necessity to express balancing indicators not only in current prices, but in comparable prices as well, that is to say, prices fixed for a certain date (by "comparable prices" are meant comparable prices, comparable methodologies, and comparable organizations). In the current period, prices as of 1 January 1984 are being used.

### The Type of NP and NI Balances

The annual NP and NI balances consist of four fundamental types:

- prognostic (with a deadline for completion usually in October of the appropriate year);
- estimative (for January of the following year);
- preliminary (June of the following year);
- definitive (October of the following year).

Prognostic balances are intended as a base for the preparation of the plan for next year and are generally not published.

Selected data from estimative balances is published in the Report on the Development of the National Economy and the Fulfillment of the State Plan for the CSSR for the previous year. Generally, these are indices of growth with respect to the creation of the gross national product and growth with respect to personal consumption (using the net method) calculated in comparable prices.

Preliminary data are published fully in the Statistical Yearbook for the CSSR the following year.

Definitive data are contained in the Balance of the National Economy for the CSSR and replace the preliminary data next year in the Statistical Yearbook.

From this, it can be seen that during the period when there is the greatest interest in balancing data on the part of party and state organizations and the broad public, only estimates are available which can vary, more or less, from the actual facts. Following highly demanding processing of balances, which utilize data from annual statistical reports on expenses and revenues according to various activities and a number of other documents, definitive data are available in October of the next year for a limited number of recipients of the Balance of the National Economy of the CSSR. The broader specialized public has the opportunity of becoming acquainted with these data approximately another year later by perusing the Statistical Yearbook of Czechoslovakia. This virtually means that selected balancing estimates for 1988

were published in January 1989; preliminary data will appear in the Statistical Yearbook of Czechoslovakia in 1990 (the listed deadlines are based on the current publishing system used by the Federal Statistical Office). It is clear that in the Statistical Yearbook, these data will have more of a historical significance and that the principal interest will be in the economic results of 1990 and not those of 1988.

Thus, users are left with no alternative than to work with topical estimates and possibly with preliminary data. However, they must be aware of this fact and specifically draw attention to it in appropriate analyses, comparisons, plans, long-term outlooks, and forecasts; they must also precisely specify what kind of national income and other balancing indicators were used in the appropriate publication. However, because it is currently impossible to anticipate that this requirement will be fulfilled immediately and completely by all authors, it is necessary that recipients of materials dealing with the development of the Czechoslovak economy expect authors to show a certain "tolerance" in specifying concepts. If, in their studies or in reading certain data, they encounter the term "national income," they should be aware that they are dealing only with one of several possible modifications of this basic national economic indicator. This is the only way in which persisting inaccuracies in the interpretation of balancing data and the resulting disorientation suffered by some readers can be successfully prevented.

### Purpose of Government Orders Explained

90EC0034A Bratislava PRAVDA in Slovak  
29 Sep 89 p 1

[Text] On the threshold of the comprehensive restructuring of the economic mechanism and a full introduction into practice of its instruments at the beginning of the next year there are worries in a number of state enterprises. The question in particular is what to do with ineffective production lines. In cases involving products necessary to satisfy basic necessities enterprises rely on having their difficulties resolved by government orders. With only a slight exaggeration we could say that these would be welcomed by producers from bakers up to suppliers of economically most important investment units. Indeed, some of them phrase their demands rather aggressively, arguing that if the state has an interest in their producing and supplying to the market items unprofitable for them, let the state order them—and pay. After all, according to the law on state enterprises they are not allowed to produce at a loss; this would be borne by their work collectives.

The concept of a government order emerged in our legal statutes only this year. It was defined by the Law on Economic planning adopted by the Federal Assembly in June of this year, as one among the mandatory outputs of the state plan by which the economic center directs the operation of the economy. They set forth the substantive and time requirements the center assesses on socialist

organizations. The law distinguishes between the particular targets and their specific form—government orders—assuring the most important objectives in the area of national defense and security, creation and variety of federal material reserves, creation and protection of the living environment, research and development progress, and selected obligations issuing from international agreements.

Already the definition itself shows that the notion enterprises have of the so-called government orders (so far the producers have viewed them across the board, without distinguishing their forms) which presumably will resolve all their problems, is a rather distorted one. For now we still lack experience with applying these instruments and it is too early to evaluate them. Specific targets and government orders should emerge only during preparation of the next year's plan and the following Five Year plan. But already now the initial voices or attitudes of the producers suggest that this will most likely become an area of dramatic developments and conflicts. During preparations for the 1990 economic plans it already emerged that for many enterprises a "freer hand" in supplier-consumer relations often means reneging on heretofore traditional deliveries. The producers endeavor to omit from their production programs the least profitable products, while seeking to sell their most attractive items under the most favorable conditions, most preferably for hard currency. In our present economic conditions when the demand for many products far exceeds the supply they are not afraid that their products will remain unsold. For as long as there is a shortage in the market, ultimately almost everything will be sold....

On the other hand it is natural that the personnel of commercial enterprises who feel responsible for market developments and for meeting the needs of the population, would like best in this situation to cover the widest range of products by targeted items and, should they have the chance, also by government orders. In regard to the latter the socialist organizations are mandated to consider supplier-consumer relations in advance, and also the system for resolving disputes is laid down in detail during this process. So it would be enough to decide from the level of the planning center who will produce what and how much of it and who will deliver to whom and when, and order on the market is assured as some commerce officials have convinced themselves.

But the enterprise sphere is opposed to such a solution. And rightly so—for once we begin to concentrate the burden of a multitude of mandated specific targets and deliveries required for their fulfillment into one planning body, we will get to where we had been already: to the management method of administrative direction, to detailed planning of thousands of items. Then we also have fresh experience from the Soviet economy—there too, in an effort to improve the market situation many enterprises received so many government orders that they virtually lost any room for enterprising. For the production of any other items these enterprises simply

lacked spare capacities. Mandated tasks or orders from the government side are thus a double-edged sword; they offer certain guarantees but on the other hand put a little brake on the entrepreneur's initiative. And that initiative is what we need unconditionally in the management of a developed economy.

So how should we approach identified tasks and government orders? What do they mean for the economy, what can we expect from them? Despite everything that has been said the philosophy of the approach is unequivocal: They should serve to ensure the decisive structural changes in the national economy and the creation, particularly during the transitional period, of a structural balance in the most important economic proportions. While in the present stage of our economy's development, with deep imbalances in the market, we need to insure the needs and the most important interests of the state and the working people also by these forms, it is necessary to judge each case responsibly and limit command measures to guide production and the market to only unavoidable extent. But above all we must endeavor to place the issue of whether this or that production line is interesting or not as soon as possible on an economic basis. In assigning identified tasks and government orders we should utilize to the maximum competitive bidding and thereby seek out the economically most advantageous producers and deliveries.

From a long-term point of view an administrative planning of identified tasks and government assignments cannot supplant the economic effects of prices, levies, taxes, their rebates, or other financial instruments. They are the primary tools designed to regulate the economy's development. Only when prices will express the use value of products (rather than the costs of one or several producers) and approximate the level of world prices, when producers able to turn out products at relatively minimal cost will predominate in the market, will it be possible to maintain open economic relations, intensify substantially the international division of labor and in our conditions specialize in production lines for which we have objectively the best conditions. Thus neither the identified targets nor the government orders can be torn out of the context of a comprehensive restructuring of the economic mechanism. They cannot be viewed as a rescue raft by which "chosen" producers can maintain themselves on the wave of new economic relations.

### Food Consumption Said To Be Increasing

90EC0115C Prague RUDE PRAVO in Czech  
19 Oct 89 p 2

[Article by RUDE PRAVO correspondent nn: "Food Consumption Increasing—Average Per Capita Annual Consumption of Meat in the CSR Is 96 Kilograms"]

[Text] In comparison with 1985, supplies of foodstuffs to the domestic market in the CSR this year have increased by 7.2 percent, including supplies of meat by 5 percent, poultry by 7.5 percent, cheese by 16.9 percent, and vegetable products by 24.6 percent. The average annual

per capita consumption of meat in the Czech Socialist Republic has increased to 96 kg. We are thus at the level of the most advanced countries in terms of alimentation. However, the structure of nutrition, particularly the large quantities of animal fats and sugar, is not commensurate with medical recommendations.

These results, particularly the growth in the consumption of meat, dairy products, and eggs, are achieved even at the price of an imbalance between plant production and livestock production. Agricultural workers and foodstuffs workers must, however, react to the demands of the market. Foodstuffs products are already accounting for 47 percent of the retail trade turnover, which is something that cannot be evaluated as being positive. The high consumption of food is, among others, also the result of the inadequate offering of industrial consumer goods with a constantly rising population income.

The results of this year's harvest for the most important crops in the CSR are already known. Apart from the rapeseed harvest, record harvests were not achieved with respect to any other crops. The basic grain harvest of 7.79 million tons exceeded the planned targets by 290,000 tons. While the original estimates were higher, the drop in temperatures toward the end of July, coupled with 2 weeks of rainy weather and an infestation of plant lice frustrated the plans of agricultural workers.

The requirements of the market will be satisfied also with respect to potatoes. According to the views of representatives of commercial organizations, the quality of potatoes is improving. This year, the demand for vegetables and fruit was covered better than before and 92 to 94 percent of the demand was met. However, a fundamental solution must be found to the cultivation of sugar beet and pickling cucumbers, crops which were again attacked by disease this year. The plan for bulk buying of pickling cucumbers was only met to the extent of 17 percent for this year. The acquisition of replacement imports from Poland was not successful, since their crops were afflicted the same as ours. For next year, therefore, the acquisition of more resistant varieties of seed stock from capitalist countries is being contemplated.

The above information was provided by employees of the Ministry of Agriculture and Alimentation of the Czech Socialist Republic—Josef Rados and Miroslav Cernohous—at the Wednesday press conference dealing with supplies of foodstuffs to the market and results of the harvest of agricultural products in the Czech Socialist Republic.

## GERMAN DEMOCRATIC REPUBLIC

### Top FRG Banker Interviewed on Future GDR Economy

90EG0065A Hamburg DER SPIEGEL in German  
Vol 43 No 47, 20 Nov 89 pp 28-30

[Interview with Alfred Herrhausen, former head of the Deutsche Bank, by DER SPIEGEL Editors Wolfgang Kaden

and Heiko Martens: "It's the GDR's Move"; date and place not given. Herrhausen was killed in a car bombing on 30 November.]

[Text] SPIEGEL: Mr Herrhausen, does the Deutsche Bank already have plans for branches in the GDR?

HERRHAUSEN: No. But we have checked on how many branches we used to have in the territory of the present GDR. There were 30.

SPIEGEL: Can you imagine that soon there might be Deutsche Bank branches in the GDR?

HERRHAUSEN: Of course I can imagine it. Yet ultimately this will depend on what the GDR itself really wants and does. Up until today nothing actually has changed except that people can now freely cross back and forth.

SPIEGEL: Was it a mistake to open the borders so suddenly *prior* to economic reforms? Economically, the GDR is not prepared for this.

HERRHAUSEN: I don't want to criticize this sequence of events. I am glad that what happened happened. But now we must ask, what is the political goal? I hope it is the GDR's objective to convert a central socialist planned economy into a liberal, decentralized free market system.

SPIEGEL: The problems resulting from the opening of the border must receive a short-term solution. How shall visitors from the GDR be provided with foreign currency?

HERRHAUSEN: Of course, we cannot sit down and inactively wait until all political decisions have been made. But for the day-by-day issues the same applies: It's the GDR's move. We cannot solve the current problems by having the FRG provide the foreign currency. The GDR has monetary reserves as well as considerable foreign exchange revenues. It must use them for these purposes.

SPIEGEL: How about the danger that some clever individuals from the FRG or West Berlin could stock up on cheap East German marks and buy up subsidized goods in the GDR?

HERRHAUSEN: If this should happen on a large scale then the GDR will probably have to institute exchange controls.

SPIEGEL: Couldn't the Deutsche Bundesbank help to bring the GDR currency into a more reasonable exchange ratio thus facilitating the GDR's transition from a national economy to a free market economy?

HERRHAUSEN: When does a currency become reasonable? A currency becomes reasonable when the economy on which it is based is reasonable. It is vital that the GDR economy recovers. Under the given circumstances only a change of system can bring this about.

SPIEGEL: Particularly the opposition in the GDR, which is preparing to take over the government, is

presently searching for a third course between the Socialism of the GDR and the Capitalism of the FRG. Is there such a course?

HERRHAUSEN: In my opinion a mixture of planned economy and free market system is inconceivable. But we must make a very clear distinction between the ownership structure and the structures of decision. Even nationalized operations can act as if functioning in a free market system. They must be exposed to competition, though. They must not, as is the case with the GDR combines right now, merely be sleepily content as monopolies.

SPIEGEL: How long does the reconstruction from a planned economy into a free market system take?

HERRHAUSEN: It will surely take longer than we deem likely in our initial euphoric mood of the moment. However, it should be possible in 5-10 years. It is important that new economic frameworks and new political structures be created. All of this must begin with free elections and with the definition of the political goal.

SPIEGEL: Is there not danger that this reorientation of the economy will lead to lasting social upheavals—to galloping inflation, high unemployment?

HERRHAUSEN: Here one must ask oneself, what is more appropriate: a transformation at once and total? Or a transformation in stages, which would provide a social cushion? The first approach has the great advantage that adaptation must come very rapidly. The processes of adaptation will proceed with such drama so as to result in the consequences addressed by you. Many things would not be socially tolerable then. Therefore, I would attempt to proceed in stages, yet to move swiftly from the first to the second and from the second to the third.

SPIEGEL: The Poles, who are in a far more difficult situation than the East Germans, intend to succeed by galloping through, denationalize as much as possible within a short time, put a stop to the three-digit inflation very quickly.

HERRHAUSEN: The Poles will find it very hard to achieve all this as quickly as they want and plan.

SPIEGEL: What are the GDR's chances in your opinion?

HERRHAUSEN: I think its chances are very good if it truly wants the conversion into a free market system.

SPIEGEL: Once capital investments are allowed from the outside, the GDR will very quickly be swallowed up by the West German economy—this is a concern voiced ever more loudly in the GDR.

HERRHAUSEN: This point of view is correct only for as long as it is based on a two-state system. In the event that Germany is reunited, this opinion is mistaken. No one in North Rhine-Westphalia will resent it if a Wuertemberg

entrepreneur starts to do business in North Rhine-Westphalia, on the contrary. Distressed regions fairly appeal to investors to become active there.

SPIEGEL: The GDR is to declare that it will give up its political independence?

HERRHAUSEN: I don't know what the GDR population ultimately wants. I know what I would like. I would like to see the reunification of the FRG and GDR. Then I would have a very different perception of the capital investment policy of West German companies even from the perspective of the present GDR.

SPIEGEL: As an entrepreneur and banker, is it not sufficient for you if the GDR becomes an associated member of the EC initially and maybe a full member at a later date?

HERRHAUSEN: As a banker and entrepreneur I should probably be satisfied with that. As a German citizen I would regret it if we would abandon reunification once and for all.

SPIEGEL: Whether in a reunified Germany or as part of the EC—without some initial aid the GDR will not be able to overcome its economic difficulties. What conditions must be met so that Western companies set out to the East in large numbers?

HERRHAUSEN: The first condition is a reliable framework of laws permitting business initiative within the GDR. To date, joint ventures are prohibited in the GDR, in contrast to Poland or the Soviet Union. We need a price reform, a reform of ownership conditions and at some point a monetary reform. But, primarily, we need a political reform. Then the West German economy can decide what opportunities there are and how to exploit them. I think many business people are interested in investing in the GDR. Only, they cannot do so at the present time.

SPIEGEL: In September, you suggested for Poland a type of credit institute for recovery, an institute for economic revival, as you called it. Could you imagine something like that for the GDR as well?

HERRHAUSEN: Yes, I could imagine it very well. An institute, such as I proposed for Poland, is intended to administratively consolidate the Western assistance which Poland expects and is likely to receive. Its purpose would be to organize the help, structure, monitor it and control its application, so that the intended effects are actually achieved. The same could happen in the GDR.

SPIEGEL: It is being considered in Bonn to offer anything that is available in the way of assistance for entrepreneurs in the FRG to those who want to take the initiative for private enterprise in the GDR.

HERRHAUSEN: This all makes sense when financing private capital investments. But are these investments

possible? Capital investments presume that you can acquire ownership in capital goods. Yet so far this is not possible in the GDR.

SPIEGEL: How should the government funds be used in the GDR? Do you apply your same condition here: Free market economy first, then we shall assist?

HERRHAUSEN: Where the so-called public goods are concerned, the FRG can pay an advance. Relief action is quite conceivable here—in the infrastructure, in traffic systems, in telecommunications, in the telephone system, perhaps even in health care. There is a need throughout, as we know. As for the rest, I would caution against carrying our money over there too prematurely too generously.

SPIEGEL: The screws put on economic constraints should remain in order to force the political system into the desired reforms?

HERRHAUSEN: Why did everything in the GDR turn out the way it did? Because, obviously, the people want a different system. If this is the case then we should do nothing to take away the impetus. That would be contrary to the interest of those who forced this development with their actions. This is a thumbscrew which depends on the democratic decision of the citizens. And I really would like to see it preserved.

SPIEGEL: You already expressed your preference for a reunited Germany. But is it not more likely and useful that, as envisioned by Foreign Minister Genscher, two German states be incorporated in the EC?

HERRHAUSEN: I am not a supporter of the deterministic view of history, to me history is what we do. Poland and Hungary are two independent states, which some day can join the EC. In the event of the reunification that I wish for, the GDR would merely no longer be a state. The EC would not be expanded by another state. In the event of a reunification, it is not that another state would join the EC but that 16 million additional citizens would become EC citizens. That is a completely different political precept. If this is what I want, then I have to change my political decisions and my political concepts accordingly. If I follow Genscher, I presuppose the existence of two states.

SPIEGEL: Is not a precondition for what you want that the EC's integration process will be halted for the time being? That we bid farewell to the common market 1992?

HERRHAUSEN: On the contrary. If nothing else would happen but that 76 million Germans become part of the domestic market instead of 60 million, then this would not be a reason for stopping the process. In my opinion we should even accelerate it.

SPIEGEL: Why is that?

HERRHAUSEN: We must accelerate the process, for the reason that our neighbors' fear of a Germany that is too

strong due to its being reunited can only be eliminated if we transfer national sovereignties to European institutions. Not until then can the European neighbors and those in the West digest what it is that a reunited, strong Germany that is based in the center of Europe represents. It is this very development in the East, viewed from a historical perspective, that gives cause for the acceleration of the European development.

SPIEGEL: So you are among the faction who says: All of the efforts to help the GDR economy on its feet do not make sense unless it ends in reunification?

HERRHAUSEN: I am not a politician, but I find myself confronted by a striking political problem here. Let me try to illustrate: Let us assume it comes to free elections in the GDR, and let us further assume that at some time it even comes to a referendum on the issues of reunification and this referendum ended in favor of reunification—then we have a major political problem in the Western and Eastern context. The FRG is bound to countless international agreements and commitments. We have NATO, the European agreements, common European laws. The GDR is bound to as many international commitments and agreements. It is part of the Warsaw Pact and of CEMA.

We continue to have a four-power status in Berlin, we have foreign troops on German soil. How all of this is to be arranged if the GDR citizens use their right of self-determination in the manner assumed by me, to plan all this is actually the politicians' responsibility. I can only define this problem, I am not able to provide political solutions because I am not a politician. If I were one, I would have to deal with it, to be sure. The problems emerging from this are enormous.

SPIEGEL: The new GDR leadership is starting a race against time. Unless economic successes become apparent soon, the ruling powers will lose their people, the protest actions will continue. Can Krenz and Modrow still win this race?

HERRHAUSEN: One must have doubts, indeed. Of course, I go on the assumption that we will win this race. It was high time that the border was opened. It would have been even better if the opening of the border had been coupled with the announcement: On 1 April of next year, free elections will take place. Given the certainty that a reorganization of the system will follow the free elections, people will stay over there. They'll roll up their shirt sleeves and pitch in to create for themselves a standard of living, in freedom, which approximates ours. I think the chances for this to happen are very good.

SPIEGEL: Mr Herrhausen, we thank you for this interview.



### **Agricultural Worker Highlights Economic Shortcomings**

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BAUERNZEITUNG in German No 42, 20 Oct 89 p 3

[Article by Arthur Schoenfeld: "The Climate in the Cooperative"]

[Text] I have been driving a tractor for 33 years. I have often wanted to change jobs, of course, but on the other hand I am attached to the machines. No way do I want to leave the LPG [agricultural cooperative]. I am at home here and I am needed. There is a good climate here. Why that is cannot be explained in a word since there are unsolved problems and some hassle at our place. The fact that my father's fields and his sweat, as well as many a drop of my own—and by now those of two of my sons as well—are a part of the cooperative, creates ties that bind. Likewise the fact that we have made headway despite difficulties—and I am sure that we will continue to make progress in the future.

Of course I love my profession—I am heart and soul a farmer. Round about Gruenow, where I live, I have plowed nearly every square foot of field and have traveled every road umpteen times. If our yields have risen considerably in the past decade, I am partly responsible for that. Mostly I work with an all-wheel drive tractor-hauler, but it is causing me increasing concern. It already has 18 years under its belt. How I took care of it to make it last that long! I would not even like to know how much its maintenance has cost us in all that time. The money spent on it might possibly have been enough for two new ones. Sometimes I think you could not even come close to producing as many parts as all the old crates everywhere need.

I regret the time we lose through enforced idleness on critical days and weeks. It costs us hard cash. And it hurts when I see the younger tractor operators sullenly sitting around in the workshop because their machines stand idle for hours due to a missing sleeve or bolt. Tell them something about work morale or making maximum use of work shift time! And I could really lose my temper when we get new equipment that we have been waiting for for a long time and then it falls apart almost immediately. Like the L-60 truck from Ludwigsfelde that broke down with transmission damage twice in rapid succession.

### **He Who Undertakes Obligations Expects Firm Commitments**

Every year our cooperative is required to specify in its plan exactly how much it intends to produce and with what cost, and what it will sell to the state. Indeed, we are supposed to provide information on that for years in advance. I am for this long-term planning because it is a part of orderly farm management. But is it not right and fair that the LPG find out in advance when and what

production assets it can count on? We do not expect any miracles in that regard—just a little clear information at least.

So that a false impression is not created, however: We are not looking for available economic reserves from others, but primarily on our own doorstep. Self-satisfaction is namely one of the worst things that can go around a cooperative. For example, we "old" members have learned by now to trust our young, well-educated people when they come up with good information and methods. Of course, many things have not always been thought through down to the last detail and have not always been applicable in practice. But here we are bringing one of our strengths into play: Decisions are discussed in advance with everyone who is affected by them. Everything to do with clearing work, for example, is discussed with those who do it every day. How often have supervisors and tractor operators argued and fought with each other that way! But afterwards there is clarity on the issue and we all pull in the same direction. I believe that without such an atmosphere things cannot proceed smoothly—either in the work brigade, in the factory, or anywhere at all.

### **Things Are Too Quiet at the Moment in the Elected Bodies**

And a lot of that depends on leadership. We elected a chairman who pays attention to the opinions of others—even invites them. Opportunists and yes-men have a rough time with him. It is also a good thing that he is active in our farmers' organization, the Farmers' Mutual Assistance Association [VdGB]. Something else I like about him: When he makes a mistake he admits it without a lot of beating around the bush about it. I also know that with his manner of calling a spade a spade, he often ruffled a few feathers in other places.

The executive board and commissions do their work at our place, but we can have our say and—what is more important—participate in the decisions. And that is put to use, too. Without a lively cooperative democracy no lasting increase in productivity can be achieved. But precisely on that account I am worried: For my taste, things are too quiet at the moment in our democratically elected bodies. The struggle to find the best solution gets the short end of the stick that way and we members resign ourselves to shortcomings much too quickly. I feel that every cooperative farmer has a responsibility for making appropriate changes and he must also live up to this responsibility.

The following is also interesting to me: We like work assignments that are tallied according to fixed rates and plan figures. Everyone can show what he is worth and in the evening he knows exactly how much he has earned. With us it is a rule that good money is paid only for good performance. Unfortunately, the effect of this principle is limited because it is not yet applied everywhere. Thus, again and again young people reject our cooperation. When you ask them the reason, this is the most common



answer: We earn our money more easily in other enterprises. Does not this situation absolutely have to be changed?

#### **Much To Do So That Young Families Can Settle Down**

Attractive and comfortable villages are needed for a sense of well-being in an agricultural cooperative. One of ours has been made famous by the writer who used to live there. Many people know Biesenbrow for its "heathens" and its "righteous ones," even if Ehm Welk did rechristen it "Kummerow" in his books. It is worth taking a look at the villages today. The houses have nice facades, many dwellings have a bath and indoor toilets, and instead of the dirt paths, there have long since been hardened roads.

A young family joining our cooperative can usually move into its own four walls without a long waiting period. These changes demand a lot from the individual and from the cooperative making an effort in this regard. The running around for a couple of bags of cement sometimes costs whole workdays. And it is best not even to talk about the lengths to which our supply people have to go to get material. But I am proud of what we have created. I am especially happy when young people begin to put down roots in the village and begin to settle in.

#### **No Sympathy for Wurst Shortages at the Konsum Store**

And last but not least, the mood in the countryside and thus in the work brigade depends on the stock in the Konsum store. And it is not exactly rosy. I have no sympathy for various supply shortages. In a well-stocked village retail store, why should it not be possible to offer, instead of two or three kinds of wurst, five or six, since they are produced anyway? When the farmers fulfill their plans well, they would like to be able shop accordingly. The difficulties and shortages we are dealing with here cannot therefore be ignored. Nonetheless, as was obvious from discussions, the climate in the cooperative is good. That is very important when it comes to dealing with problems.

### **HUNGARY**

#### **Escalation of Foreign Indebtedness Analyzed**

*25000519 Budapest FIGYELO in Hungarian  
12 Oct 89 pp 1, 4*

[Article by Istvan Garamvolgyi: "The Indebtedness Escalator"]

[Text] Did we consume those billions of dollars, or did we spend them on superfluous and expensive investments? This question is asked by citizens and by political organizations which demand an accounting of the indebtedness and borrowing. Not only do they put this in the form of a question, they state it as fact. Our editorial office is first to undertake the task of providing an itemized report on the almost 2-decade long process of indebtedness, deficits, borrowing, and debt service. The

findings will not warm the heart: The present level of Hungarian economic production does not suffice even to slow down, or to halt the indebtedness process.

During the past few years, ever since the country's indebtedness and prevailing international balance of payments have become news material in the specialized press, an increasing number of studies have examined the causes of indebtedness. The common characteristic of these studies is that they find the reasons for indebtedness in real internal economic processes and in the path those processes assumed.

Thus, for example, they claim that during the 1970's, a period characterized as the decade when a global economic era changed, total domestic consumption exceeded the real value of the actually produced gross domestic product (GDP), imports "offset" the huge loss on exchange rates, and while the production of the Hungarian economy depreciated, the country's political and economic leadership disregarded this fact. They also claim that the leadership's growth, balance, investment, and distribution policies were unfounded, and that these decisions virtually served to generate the indebtedness process.

The analysis related to internal economic real processes is warranted and useful. Nevertheless, in this instance we will use a different method and a different approach in trying to make findings and reach conclusions. We will search for correlations while concentrating on the indebtedness process itself.

The table below presents almost 2 decades—from 1970 to 1988—of the indebtedness process. It was prepared to aid in the analysis and to control findings and conclusions. The table contains the convertible currency international balances of payment of 19 years, as well as indexes for each year's gross and net indebtedness volume, the evolution of international reserves, and the annual increase of gross indebtedness.

Hungarian public consciousness regards the indebtedness as the negative phenomenon of the 1970's and 1980's. Indeed, large-scale and long-lasting, moreover increasing indebtedness is related to the recent past and the present, nevertheless the buildup of temporary and short-term indebtedness and payment difficulties have also been recurring, repeated phenomena in the Hungarian economy during the previous decades. Data contained in the table concerning the years prior to the global market price explosion—1970, 1971, and 1972—also indicate a buildup of indebtedness that promised to be transitional. (The gross indebtedness volume almost doubled, and its ratio relative to annual exports paid for in convertible currencies increased from 164 to 212 percent. Viewed in the light of this comparison the annual gross indebtedness in 1972 was about the same

size as in 1979, the year when gross indebtedness amounted to \$8.3 billion—an amount representing a multiple of the 1972 level of gross indebtedness—and was coupled with \$4.1 billion worth of export shipments—a level which also constitutes a multiple of the 1972 export level.)

In examining the income and expense items contained in prevailing payment balances, one finds that for a long time—approximately until the late 1970's—the prevailing trade balance—its surplus or deficit—was determined by the positive or negative outcome of the balance of payments in any given year. And since the trade balance subject to settlement in convertible currency showed a deficit in each year except in 1973, the corresponding yearly balance of payments became a trend-like reflection of increases and reductions in the trade deficit. A deviation from this trend may be discovered only insofar as the current balance of payments showed a surplus twice, while the trade balance reflected a surplus only once. (This resulted from the fact that in 1970, within the balance of so-called other current payments, a sufficiently large surplus to offset the negative trade balance occurred. This phenomenon was never to recur.)

Within the current balances of payment during the 1970's the increasing role played by the amount and negative balance of interest payments becomes increasingly apparent. This served to continually weaken the effect of the trade surplus or trade deficit on the current balance of payments. In the end, during the 1980's the deficit in the balance of interest payments became the definitive factor in, and generator of the balance of payment deficit, of the needed borrowing, and in its ultimate effects, of the escalating indebtedness.

During the present decade, the 1980's, each year, except 1986 has produced a positive trade balance, but the trade surplus accumulated between 1980 and 1988—an amount of \$4 billion—was incapable of offsetting the balance of interest payments: a deficit of \$7.5 billion. Unavoidably, this deficit had to be covered with new borrowing.

The change in the way the balance of payments deficit occurs is also reflected and proven by the fact that the accumulated balance of payments deficits for the years 1980-88—\$3.9 billion—is not much more than that portion of interest payments—\$3.4 billion—which could not be covered by the surplus derived from interest earned and the trade balance.

The other items of the prevailing current balances—freight, insurance, foreign tourism—influenced the current balance of payments in a manner consistent with the increased foreign exchange amounts. The traditionally negative balance of freight and insurance increased essentially in proportion to the trading volume. During the 1980's foreign tourism became the second largest provider of a trade surplus in the prevailing current balance of payments, a change from the previously held position of being a secondary item on the balance sheet.

Moreover, in certain years, such as in 1986 and 1987, foreign tourism was the only branch of foreign trade to produce a surplus—more than half a billion dollars at that—due to deficits in the respective trade balances. Aside from playing this extraordinary role, the function of the foreign tourism surplus within the current prevailing balances of payment until 1988 was to generally offset the deficit balance created by freight and insurance. Smaller account balances within the balance of payments—government payments, other current payments, and the balances of other unilateral payments—demonstrate the fact that they did not substantially influence the balance of payments. Over a period of time, on the average, these accounts produce a near zero balance.

The current prevailing balances of payments and capital movements—i.e. the ones that include borrowing and repayments—show that during the 1970's the indebtedness process was kindled primarily by the trade deficit, and more recently by the debt service. The result is the same with regard to both: Regardless of what ripple effect caused the balance of payments deficit, the country's international payment obligations could only be fulfilled by new borrowing.

One of the very important items in the table, the line that shows medium- and long-term capital movements, borrowing, and repayments shows only the accounts receivable and payable balances for the years 1970 through 1977. The latter shows only the difference between borrowing and repayments. Aware of current prevailing balance of payment deficits, of the gross amount of indebtedness, and of the evolution of international reserves, one should be able to figure out the amount of new borrowing. (The combined total amount of borrowing between 1971 and 1974 may be assumed to be between \$2.5 billion and \$3 billion, half of which was used for the repayment of loans and debt service, while the other half served to replenish reserves and to provide export financing most likely in conjunction with exports payable in convertible currencies, the volume of which tripled between 1971 and 1974.)

The indebtedness process, the growth of the volume of indebtedness, is tied by professionals to two short periods during the 19-year span. One is the period beginning in 1974 and ending in 1978. During that time the gross volume of indebtedness more than doubled, from \$3.1 billion to \$7.6 billion. The other period began in 1985 and ended in 1987, during which time another rapid doubling of the indebtedness volume took place: from \$8.8 billion to \$17.7 billion. Underscoring the peak periods of the indebtedness process is appropriate from the standpoint of finding the causes of indebtedness, even if pointing out such peaks will, willingly or unwillingly, tend to understate a characteristic of the indebtedness process which is of no less importance. That characteristic is that, in reality, the indebtedness process is a process of escalation, one that feeds on itself. During the 19-year period examined there were only 3 years—1981, 1982, and 1988—when there was a pause in the

escalation of indebtedness. Moreover, during these years the volume of indebtedness reduced somewhat. (Nevertheless, the 2 percentage point reduction in 1988 is likely to be followed by yet another record peak in the volume of indebtedness. On the one hand, the approximate \$400 million reduction of the gross volume of indebtedness in 1988 may be credited not to a small extent to a reduction in the international reserves by a similar amount. On the other hand, a deteriorating trend has gained strength within the current balance of payments, last year's foreign tourism surplus has declined drastically by hundreds of millions, and during the first half of this year the decline has amounted to hundreds of millions, thus increasing the current balance of payments deficit to over \$1 billion. Taking into consideration the need to replenish reserves that were consumed in the course of the year, new borrowing this year is expected to raise the gross volume of indebtedness by \$1.5 billion, to a level close to \$19 billion.

The most important lesson that may be learned from the analysis of the international balance of payments and indebtedness processes is that, including the experience gained this year, we have 2 decades of experience to prove that Hungarian economic capacity and performance do not even suffice to halt the indebtedness process. These lessons cannot be disregarded in the framework of near-term economic policy making. The indebtedness trap is further deepened by the lower than expected level of performance, the uncertainty manifested by two branches of the economy that produced a surplus, at a time when indebtedness is further increased by the debt service. There is no sense of reality to the idea that Hungary will be able to finance its accumulated indebtedness on the basis of its own economic performance, at least to an extent that new borrowing would have to be made to cover repayments on previous borrowing that become due. (If that were the case, the increase in the indebtedness level would come to a halt.) There is an even lesser sense of reality to the idea that within the foreseeable future it could be possible to begin reducing the indebtedness level by relying fundamentally on an improved Hungarian economic performance and on a future reduction in borrowing. The way out, the possible solution, does not present itself in rescheduling of course, just as attempts made thus far—the attraction of external resources combined with borrowing and droplets of imported operating capital—did not produce results.

#### What Is in a Balance Sheet?

The International Balance of Payments is the summary balance of various sub-balances, such as the trade, tourism, capital investment, and capital movement balances. But the International Balance of Payments could also be defined as the summary of payments (revenues, expenditures) made in foreign exchange, related to economic, monetary, and credit relationships between a given country and foreign countries, presented in the form of a balance sheet. The International Balance of Payments contains only the actual payments, i.e. the actual foreign exchange collected and paid. (Consequently, the export deliveries and income derived from exports at a given

point in time will show different amounts. Similarly, a credit agreement and the actual act of borrowing, the withdrawal of funds, will not coincide in time either.)

The complete International Balance of Payments is composed of two main parts, of two balance sheets. These are the current balance of payments and the capital balance, i.e. the balance sheet that shows the movement of capital. The components of the current balance of payments are: the trade balance (the balance sheet that shows mercantile trade), the balance of trade related freight and insurance income and expenses, the balance of foreign tourism, and the balance of income and expense related to foreign investments. In Hungary's case the latter represents the balance of interest income and expenses, even though conceptually this also includes the transfer of income from Hungarian firms operating abroad, and mixed nationality firms operating in Hungary. Other components of the current balance of payments expressed in terms of balances are payments made by the government, unilateral payments, and other current payments.

The capital balance, the balance of capital movement, is broken down into medium- and long-term capital movement, and short-term capital movement. In practice, these movements represent borrowing and repayments, and loans granted and their repayments. These represent the deposit of funds from one bank to another.

Since Hungary's national currency is not convertible, Hungary prepares two balance sheets each month, and each year. One presents Hungary's balance of payments in convertible foreign exchange, the other shows the balance of payments in nonconvertible currency. These designations are not accurate. The first balance sheet includes the amounts, the balances of payments, borrowing, repayments, interest payments made in various freely exchangeable, i.e. convertible foreign exchange expressed in U.S. dollars. The other balance sheet, called "Hungary's Balance of Payments in Nonconvertible Foreign Exchange," is also expressed in U.S. dollars. Use of the U.S. dollar as a common means of expressing value may confuse those not fully informed. (E.g.: Between January and July the current convertible currency balance of payments shows a deficit of more than \$1 billion, while the current nonconvertible currency balance of payments showed a surplus of \$500 million.)

For example, the closing amount of the current balance of payments in 1988 shows "-592," i.e. a deficit of \$592 million. It is derived by adding up all the positive sub-balances, and negative sub-balances respectively. The "-592" figure represents the difference between surplus and deficit. In 1988, for example, the figures for sub-balances showing a surplus were 670, 41, 7, and 114, or a total of 832. The sub-balances with a negative prefix were 300, 1,048, and 76, or a total of 1,424 million. The current balance of payments deficit of \$592 million is arrived at by deducting the \$832 million surplus from the \$1,424 million deficit.

### The Cost of Indebtedness

Indebtedness is expensive! While Hungary accumulated a gross indebtedness of \$17.3 billion between 1970 and 1988, it produced a \$1.8 billion surplus in its cumulative balance of mercantile trade payable in convertible currency, or used resources worth that amount from the Hungarian economy. Between 1977 and 1988 the Hungarian National Bank [MNB] borrowed \$25.6 billion in foreign loans—it drew in resources worth that much—while during the same period it repaid \$15.8 billion in installment payments and \$10.5 billion in interest. Accordingly, the total amount of debt service equals \$26.3 billion. A smaller part of this huge amount of money was produced by the Hungarian economy, and the bulk of this amount was paid from new borrowing. Here is the explanation to what seems to be a mathematical puzzle: We borrowed \$25.6 billion, we paid \$26.3 billion, and our remaining debt is \$17.3 billion. Indebtedness is expensive!

### Did We Eat It? Did We Accumulate It?

During the first decade of indebtedness, between 1970 and 1979 the trade balance showed a deficit of \$2.5 billion. This amount had to be "made up," that is, made to disappear by way of new borrowing. The obvious conclusion: Indebtedness was kindled in those days by the import surplus absorbed by the economy, consumption, and accumulation. The already forgotten details do not contradict this conclusion. While the value of imports, its "procurement price," multiplied by 6.2, the volume, the natural quantity of goods, multiplied by 1.8. The corresponding figures for exports are: The value multiplied by 6.7, while the volume multiplied by 2.3. According to the above, the unfounded consumption which catalyzed the indebtedness process did not take place primarily in kind, but in value. While the indebtedness increased, volume processes sensed a relative extraction of resources. The key to understanding rests with the drastic deterioration of exchange rates. Nevertheless, exchange rates are not responsible for the grave consequences!

**Hungary's International Convertible Currency Balance of Payments, Gross and Net Indebtedness Volume, and International Reserves During the Period 1970-79, in Millions of Dollars**

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Exports	609	611	877	1,463	2,066	2,209	2,343	2,661	3,177	4,063
Imports	686	829	936	1,354	2,492	2,501	2,519	3,020	3,959	4,230
Trade Balance	-77	-218	-59	109	-426	-292	-176	-359	-782	-167
Freight, Insurance: Balance	-23	-27	-34	-62	-106	-117	-114	-148	-180	-187
Income	28	37	50	70	84	96	92	99	100	157
Expense	8	10	13	18	22	44	45	60	66	85
Balance	20	27	37	52	62	52	47	39	34	72
Interest Earned	14	13	22	40	60	59	83	84	101	97
Interest Paid	72	68	78	121	175	242	192	248	353	463
Interest Balance	-58	-55	-56	-81	-115	-183	-109	-164	-252	-366
Balance of Government Payments	-8	-8	-10	-13	-17	-20	-20	-27	-32	-37
Balance of Other Current Payments	165	-1	-1	30	28	8	-11	-116	-55	-180
Balance of Unilateral Payments	16	20	31	30	34	24	20	22	25	40
CURRENT BALANCE OF PAYMENTS	35	-252	-92	65	-540	-528	-363	-753	-1,242	-825
Medium- and Long-Term Capital Movement										
Receivables Balance	—	-23	-15	-11	-83	-89	51	-16	-53	-105
Accounts Payable Balance	—	179	248	143	296	495	453	490	1,124	901
Collected	—	—	—	—	—	—	—	826	1,796	1,806
Paid	—	—	—	—	—	—	—	336	672	905
Short-term Capital Movement										
Receivables Balance	—	—	-9	-58	83	-183	-202	39	-121	39
Accounts Payable Balance	—	—	46	260	440	318	55	310	754	-151
TOTAL BALANCE OF PAYMENTS	35	-285	-70	256	-100	-482	-459	70	462	-141
Gross Indebtedness	1,000	1,511	1,867	2,315	3,105	3,929	4,531	5,227	7,586	8,300
Incremental Index (previous year: 100)	—	151	123	124	134	126	115	115	145	109
Net Indebtedness	424	694	852	846	1,381	1,925	2,267	2,870	4,461	5,016
Reserves	—	615	790	1,181	1,434	1,492	1,457	1,530	2,053	2,127

**Table 2: Hungary's International Convertible Currency Balance of Payments, Gross and Net Indebtedness Volume, International Reserves During the Period 1980-88, in Millions of Dollars**

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Exports	4,863	4,877	4,876	4,847	4,965	4,475	4,136	5,078	5,794
Imports	4,587	4,432	4,110	3,970	3,729	4,180	4,676	5,075	5,124
Trade Balance	276	445	766	877	1,236	295	-540	3	670
Freight, Insurance: Balance	-237	-216	-220	-175	-154	-156	-237	-308	-300
Income	177	218	260	254	264	284	364	553	670
Expense	93	85	84	89	101	135	165	185	529
Balance	84	133	176	165	163	149	199	368	41
Interest Earned	446	230	125	112	155	220	256	235	218
Interest Paid	855	1,330	1,101	774	899	945	1,085	1,159	1,266
Interest Balance	-409	-1,100	-976	-662	-744	-725	-829	-924	-1,048
Balance of Government Payments	-43	-47	-45	-39	-37	-42	-32	-52	-76
Balance of Other Current Payments	-85	11	-176	76	-197	-43	-54	-36	7
Balance of Unilateral Payments	46	47	46	55	83	65	74	102	114
<b>CURRENT BALANCE OF PAYMENTS</b>	<b>-368</b>	<b>-727</b>	<b>-77</b>	<b>297</b>	<b>330</b>	<b>-457</b>	<b>-1,419</b>	<b>-847</b>	<b>-592</b>
<b>Medium- and Long-Term Capital Movement</b>									
Receivables Balance	-126	-104	-192	-65	-124	-276	-311	-97	-38
Accounts Payable Balance	794	617	260	60	962	1,900	1,202	1,177	315
Collected	1,605	1,443	1,154	1,276	2,643	4,014	3,802	3,108	2,102
Paid	811	826	894	1,216	1,681	2,114	2,600	1,931	1,787
<b>Short-term Capital Movement</b>									
Receivables Balance	-15	31	-161	-239	-307	-415	-14	-442	1
Accounts Payable Balance	145	-449	-998	390	-556	240	591	-695	155
<b>TOTAL BALANCE OF PAYMENTS</b>	<b>430</b>	<b>-526</b>	<b>-1,168</b>	<b>443</b>	<b>305</b>	<b>992</b>	<b>49</b>	<b>-904</b>	<b>-161</b>
Gross Indebtedness	9,090	8,699	7,715	8,250	8,836	11,760	15,086	177,739*	17,349
Incremental Index (previous year: 100)	110	96	87	107	107	133	128	116	98
Net Indebtedness	5,388	5,474	4,943	4,594	4,083	5,018	7,790	10,904	11,069
Reserves	2,446	2,005	1,233	1,863	2,556	3,543	3,639	2,478	2,194

[\* figure as published]

**Commercial Bank Stock Available to Private Investors***90EC0138A Budapest MAGYAR HIRLAP  
in Hungarian 15 Nov 89 p 7*

[Text] The ice has broken in the stock market. Bank securities, representing the largest volume of stock, may be purchased by private investors, according to Miklos Szigethy, deputy vice president of the National Commercial and Credit Bank, Inc. [OKHB], at yesterday's press conference. At its annual meeting last Monday the bank approved a change in its bylaws, according to which private persons may subscribe to 300 million forints worth of the bank's stock in 10,000, 50,000, and 100,000 forint denominations. Whoever has lots of money may subscribe to 1 million forints worth of stock, and thereby acquire voting privileges. The bank's bylaws permit stockholder

participation in the bank's affairs only if the stock subscribed to amounts to more than 1 million forints. Smaller stockholders will not have voting privileges, but they may join together and cast their votes through their authorized representative. Subscription to the stock begins on 2 December. The bank will pay an 8-percent premium to persons purchasing securities prior to 30 June 1990. Last year the OKHB paid out 13 percent of its profits in the form of dividends. This does not appear to amount to much, but one must consider the fact that the advantage of stocks over bonds is that they not only pay dividends but may also produce gains based on exchange rates. Generally speaking, the purchase of bank stock involves rather small risks, because the institution in question is strongly capitalized. OKHB's basic capital amounts to 12 billion forints at present, and it made 53.3 percent profits last year, as compared to the bank's assets.

### Section of European League for Economic Cooperation Formed

25000524A Budapest FIGYELO in Hungarian  
12 Oct 89 p 4

[Text] Chaired by academician Mihaly Simai, the Hungarian section of the European League for Economic Cooperation [ELEC] held its first meeting last week.

ELEC was established in 1947. Its founders and members are internationally recognized economists, enterprise managers, entrepreneurs, members of parliaments, and trade union functionaries. The League is a nonprofit organization. Its goal is to enhance, through scientific means, the economic integration of European countries prepared to, and capable of integrating; and to establish the closest possible cooperation with countries outside of the integration. At present, 19 member countries have operating sections. Establishment of the Hungarian section was initiated by Wilfried Guth, chairman of the Deutsche Bank AG oversight committee.

## POLAND

### Agriculture Seen to Exemplify Plight of Economy

90EP0110A Munich SUEDEDEUTSCHE ZEITUNG in German 14-15 Oct 89 p 33

[Article by Thomas Froelich, Posen, under "Poland on the Way to a Market Economy" rubric: "Toward New Horizons With Impatience: The Hopes for Rapid Change Are Deceptive"; first paragraph is SUEDEDEUTSCHE ZEITUNG introduction]

[Text] Posen, early October—The plan is dead, long live the market—it was under this theme that the Polish Government under Prime Minister Tadeusz Mazowiecki stepped forward a month ago to return the country's economy to a stable course. This objective cannot be reached without money from abroad. But there does not yet seem to be enough room in Poland for the insight that the change from a state economy to a market economy is not just a question of capital and that it cannot take place overnight. It can be shown through agriculture, a key sector of the Polish national economy, how diverse the obstacles are on the way to the market and that with excessive optimism and impatience in moving toward a better world one cannot solve any problems but at most put the emphasis in the wrong places.

Farmer Karalus is visibly proud. He guides his German guests through the cowshed of his farmstead in Kostrzyn near Posen and reports that in the future he would like to have more meat cows, because they are less work than milk cows. He astonishes his guests with his machinery, which would do honor even to German colleagues with larger farms. The new tractor, his third and just acquired a few months ago, stands in the middle of the yard and just shines. But we are, after all, in Poland and at the present time the people there have to cope with a devaluation of their money proceeding so rapidly that it

is worth while neither to ask today about yesterday's prices nor to want to know if one will get 5,000 or 6,000 zlotys for a deutsche mark. According to the latest official figures, the inflation was 432 percent in August compared with July. What is more reasonable—for farmer Karalus as well—than to flee to material assets, to make, in a manner of speaking, the machinery shed into a savings bank passbook? No, the German guests do understand the motives of the farmer but his answer to the question of what he paid for the new tractor with its 75 horsepower seems downright unbelievable to them. "4.2 million zlotys," says Karalus and adds that at this time he can get 1.5 million zlotys for a fattened ox weighing 600 kg. To compare: in the FRG, one would have to sell about 24 cattle to be able to afford a tractor worth DM60,000.

### Locating the Shortages

So the price relations are no longer in harmony in this country that, after four decades with dictated prices, must now painfully learn how free prices can be kept in check. But German agrarian experts such as Helmut Born from the German Farmers' Union meet with little understanding when, as a prerequisite for a reasonable agrarian policy, they propose a central price and market bulletin in the German pattern so that they can gain some information about the scarcity of goods through their prices.

At the same time, the Poles have learned that agriculture must play a key role in the reorganization of the national economy. In a memorandum dated 26 September, in which the Polish Government presented its reform plans and desired assistance to the states of the West, Finance Minister Leszek Balcerowicz estimates the necessary funds just for the purchase of machinery, plant-protection agents and fertilizer at \$500 million. And at the agricultural fair Polagra in Posen, German journalists are finding in their press folder a list with just under 100 proposals for joint ventures in the agrarian and food sector—from meat processing to baby food. The striving to reorganize and develop precisely this economic sector is no accident. According to official figures, agriculture and the foodstuffs industry make up 38 percent of the entire Polish production and about 33 percent of national income. Some 48 percent of all employed persons work there and the rural population was a good one-fifth of the total population in 1987 (about 3.5 percent in the FRG). The fact that Polish farmers nevertheless contribute only 12 percent of exports is understandable in view of the long lines in front of the stores at home. Despite four decades of socialism, just under 72 percent of the arable land—with almost 14.5 million hectares, twice as large as in the FRG—is managed by private farmers like Karalus. Socialist organizations such as state farms and production cooperatives deal with the rest.

### The Middle Level is Missing

But this division involves difficulties. "The large enterprises must be made smaller, the small ones larger,"

thinks Joseph Kloskowski with the Kleinwanzlebener Saatzucht AG (KWS) in Einbeck, a native Pole who is responsible for the marketing of corn in the Eastern Bloc states. As a matter of fact, the average size of private farms is 5.8 hectares, whereas for the 1,240 state farms it is 3,253 hectares. There is no healthy middle level. In addition, the state farms have too many employees and the productivity leaves something to be desired.

### A Big Shock

Edmund Balcerzak, assistant production director of the state combine in Zydowo near Posen, sees it differently. Profitability has always been the focus of attention but now it must be reinforced. Balcerzak points out the social and political obstacles in converting to a market economy. The 1,300 employees of the 6,000-hectare livestock combine have heretofore not only received 2.5 liters of free milk daily but were also able to use a tilled area of 2,500 square meters for the private growing of potatoes. They paid no rent for the approximately 600 dwellings at the combine. These subsidies are now a thing of the past. In the future, there will be piece-work instead of free milk and the agricultural workers will have to reach into their own pockets to pay for the dwellings. That has been a "big shock," reports Balcerzak. Changes must therefore take place slowly: "Over the course of 40 years, the people have become accustomed to certain favors."

Because it is so and because the change must first take place in people's heads, the switch from the plan to the market will not by any means function as smoothly and quickly as Minister of Agriculture Czeslaw Janicki and his countrymen would like. Above all confidence must be restored in state institutions—the production cooperatives, for example, in which the individual peasant has heretofore had no influence on planned state prices and thus on his own income, despite hard work. German diplomats in Warsaw also attest that the rural population has an "unhealthy attitude toward cooperatives." It is not without reason that thought is now being given to promoting marketing cooperatives instead of production cooperatives. In addition, according to Joseph Kloskowski from the seed grower KWS, the Poles could use "a new generation of managers." No market economy can be established merely with modern machinery and facilities as well as greater production.

The help from abroad should therefore not end with money and machinery, according to the Ministry of Agriculture in Bonn. Consultation, the transfer of technology and training and advanced training in management methods from the calculation to marketing are just as important. For the dissolution of the state sales monopoly for foodstuffs planned by the Polish Government—500 private butcher's shops are to be allowed in a first step—can be successful only if the vendors know

how to make economically sensible use of their newly gained freedom and if there are enough competent sellers. In their discussion this week with a German delegation led by Federal Minister of Agriculture Ignaz Kiechle, the Poles had to leave open the question of whether 500 butchers actually are available.

### Private Partners

All in all, however, the reform ideas of the Mazowiecki government seem to be pointed in the right direction. Even large state foreign trade organizations are already adjusting to the fact that the time of their export monopoly is coming to an end and that in the future private sellers will take away part of their business. Thus, the heretofore state meat and livestock foreign trade society, Animex—it is in the market in the FRG with, among other things, Yano canned meat and has sales of a good DM200 million here—can and will now also accept private partners such as horse breeders, for example, declares Animex director Jerzy Milewski. The objective is clear: expansion of the capital base and elimination of the possible competition through participation. But Animex also has plans with respect to joint ventures with foreign partners—the word joint ventures is now seen in Poland as nothing short of the key to the resolution of all economic problems. They are now thinking about a joint venture for poultry and bio-food with the German meat giant Moxsel AG in Buchloe. In the case of these joint ventures as well, the objective, according to Milewski, is clear: greater production for domestic supply is paramount and the acquisition of foreign exchange through exports is secondary, for the odd fact that Poland annually sells a good 200,000 tons of meat abroad through Animex at the same time that this year it must import 105,000 tons of inferior meat from intervention stocks of the EEC to supply the Polish population will not change so quickly.

### Just One Chance

Jerzy Milewski also knows this and he knows that in the future new enterprises will have to be checked even more closely than heretofore. "We do not want to return to the situation of the 1970's," he states just as cautiously as Deputy Minister of Agriculture Andrzej Malinowski. Milewski is thereby thinking about Poland's high foreign debt of about \$40 billion, which, along with the confusion of martial law and of the social changes, has also helped in years past to suffocate the country. So representatives of the Polish Government also have an extraordinarily strong interest in specific solidly financed projects and cooperation with the prospect of success. It is understandable that everything should take place as quickly as possible in the catastrophic economic situation of the Poles. But the country has only one chance to establish a market economy. It must therefore be utilized prudently.

## ROMANIA

### Efforts to Improve Effectiveness of Services in Agriculture

90EB0050A Bucharest *REVISTA ECONOMICA* in Romanian No 39 29 Sep 89 pp 13-14

[Article by Dinu Gavrilescu: "Efficiency of Services in Agriculture"]

[Text] An especially urgent problem in the process of economic intensification is the development of services. It is of increasing importance for the future development of Romanian agriculture. It is a universally recognized fact that service activities occupy a particularly important place along with directly productive activities in the structure of production activities, and an objectively necessary one for efficient conduct of these activities and for placing them on a scientific basis.

This situation represents a particular expression of the general tendency of the role and share of services in the economy to increase, this being an element considered to be a typical feature of intensive development. One significant aspect is the tendency for the services intended directly for production, among all service activities, to grow more swiftly and to experience unprecedented diversification. This category accounts for the highest percentage of total services. The process in question is an objective law-governed aspect determined largely by increase in the volume of production activities, diversification of these activities, and increase in the complexity of production leading to broadening of cooperation between economic units.

In the case of agriculture, the development of service activities for production, accompanied by intensification of the latter, has taken place and continues to occur in two main directions: appearance and wide spread of service activities (as a result of modernization of technological processes) and drawing of production sphere activities into the service sphere. This process is objectively determined by the natural evolution of the social division of labor and of itself represents a characteristic of the technical and scientific revolution in agriculture.

The importance of these activities, which has increased constantly with the intensification of agricultural production, has constantly led to an ever greater contribution by services to the achievement of agricultural production, to such an extent that it is inconceivable for a modern, intensive agriculture not to benefit from the contribution of a strong constantly developing and diversifying service sector. Service activities have become increasingly important, to the point that they now constitute a decisive element in achievement of high agricultural output.

In view of the fact that agricultural production services currently include a wide range of specifically differentiated activities and are manifested in specific forms, analysis of them requires evaluation of their position in the course of

evolution of Romanian agriculture toward socialist agriculture and now in the context of the new agrarian revolution.

### Evolution and Perspectives

The evolution of economic activities in agriculture and the unprecedented development of this sector have fully confirmed the correctness of the decisions made and the farsightedness of our party's economic policy. The fact that gross agricultural output more than doubled in nominal terms over the 1965-1985 period was determined by the intensive development process, to the unfolding of which services made a substantial contribution. Thus, the volume of supplies of equipment and materials increased by a factor of 2.3, this corresponding to increase in the complement needed for production, while the volume of services providing seeds, planting stock, and plant protection agents increased by a factor of 2.2, and so on. There has also been a significant increase in the volume of transportation, which has provided for hauling of larger amounts both of agricultural products and of raw and intermediate materials required for conduct of production processes. The repair and spare parts procurement service has grown steadily as the mechanization of Romanian agriculture has progressed, its activity increasing by a factor of 2.8. Livestock veterinary assistance has also improved constantly, as is indicated by the increase both in the number of specialists and in the volume of the resources needed, special emphasis being placed on widespread preventive treatment and procedures. The steady development of the volume and the diversification of services are suggested by the fact that services account for 3 to 35 percent of the total cost of crops in socialist agricultural units, depending on the characteristics and nature of the services offered. As regards the outlook for 1990 and beyond to the year 2000, steady further increase in agricultural production will be accompanied by commensurate growth and continuing diversification of services for agricultural production. Thus, while the size of the tractor fleet, which will represent around 180,000 units for agriculture, will remain stable, the average rated power of the fleet will rise and the system of machines will be diversified. This will involve corresponding increase in the volume and structure of the repair and spare parts procurement services.

The expansion of equipment and materials supply and irrigation operation services (generally for land reclamation) will be based chiefly on increase in the areas developed for land reclamation. The volume of seed and planting stock services and of plant protection services is also to grow. The development of transportation activities is to be closely coordinated with increase in agricultural production and the volume of supplies procured under the specific conditions of the process of production intensification. Medical veterinary assistance will continue to improve as livestock raising develops, as a result both of increase in the number of skilled personnel and of diversification of the facilities of assistance units, together with larger amounts of specific products. Preventive treatment will be more widely applied than therapeutic treatment.



As regards the share of services in production costs, we note that they account for approximately 15 percent of total material costs. The costs for the principal services will grow substantially, the most significant ones being those for irrigation and transportation services. This fact instructively demonstrates the qualitative process characterizing the future development of Romanian agriculture, in which the rate of growth of net output will outstrip that of gross output.

The significant share of services in material costs of itself indicates the contribution and importance of services to agricultural production both now and in the future. Consequently, it is obvious that proper organization and operation of these activities and ongoing improvement in them must represent one of the most important efforts to make a decisive contribution to creation of the basic conditions for carrying out a new agrarian revolution. There has been a trend toward making production activities autonomous and transforming them into service activities, along with institutionalizing them; it continues to represent one of the processes of development of services for agricultural production to ensure diversification and improvement in the quality of services for production.

#### Optimizing Organization

The tendency toward constant increase in volume and the diversification taking place in the area of services for agriculture are accompanied by continuous adaptation of these services, especially from the organizational viewpoint. On the whole, there is a significant contradiction between the services offered by an autonomous organization and the ability of the organization fully to meet the service needs of a production unit customer. The organization of a service unit is more advantageous than self-service from the viewpoint of coordination of activities at a higher level, creating conditions permitting more efficient management of service resources and personnel, and achievement of better economic results by the service unit. These advantages are not in all cases passed on in their entirety to the customer unit. In some instances the incentive created for the service unit is inadequate, there is a lack of flexibility in meeting production needs, and the range of services is narrowed by specialization.

The self-service system followed in agricultural units greatly reduces the disadvantages listed, but in turn gives rise to a number of difficulties in the area in which the services are found to be most advantageous. In this context, the trend currently observed throughout the world, and especially in countries with advanced agriculture, is toward combining the advantages and limiting the disadvantages of the two methods of institutionalizing services. Such combination is carried out by large integrated units modular in organization, in which services are performed by special subsidiary units of appropriate size, but are performed within the large unit under a system of coordination and community of interests. This method of organization offers advantages which must not be overlooked, considering the prospective development of Romanian agriculture.

The situations involved vary widely because of the great number of services performed for agricultural production.

In the case of equipment and materials supply services, for example, we believe that these services are efficiently organized at present. The system of services covers the activities that may be performed for the variety of materials and products needed. It is represented by the District Equipment and Materials Supply Base (BAJTM). Unit self-service is represented by supply services and departments which engage in specific activities. Some of the difficulties in operation of the system are due to discontinuity of the process of conducting relations and lead to duplication of supply activities which shortcircuit the supplier-customer relationship and which are carried out haphazardly. These objectively necessary corrections indicate the need for a large role for self-service.

The services of planning and design, organization and systematic development of farm land, land resource management, and maintenance of soil and agrochemical records are typical service activities conducted within a suitable institutional framework. The agrochemical services are activities which may in part be conducted under the self-service arrangement in the future as large units are outfitted with laboratory equipment.

Land reclamation project operating services are conducted both in independent service and self-service units. The system is operated up to the basic hydrant of the independent service unit, while the water is administered by self-service units. The share of irrigation in this service area averages 60 percent. The share of independent services is higher in operation of other facilities, such as drainage projects, reaching as high as 70 percent, and 25 to 30 percent in erosion control projects. This structure corresponds to the needs of the user. Disadvantages result from noncoincidence of area and functions of land reclamation systems and agricultural units.

As regards provision of seeds and planting stock and plant protection, more than 80 percent of seeds and planting stock are procured under the self-service system, which for the most part has been found satisfactory. Plant protection services, on the other hand, account for only 20 percent of the volume of activities; this percentage should be increased in the future.

The system of providing reproduction stock for livestock production and veterinary services is currently applied on the basis of widespread complex networks. Specialized units account for about 65 percent of the total volume of activities in the form of services. Self-service selection and reproduction of stock sires and some veterinary medical activities are generally carried out in production units. Improvement in this activity requires more intensive development of services in the area of precision and high technology operations such as application of genetic engineering techniques and development of high-yield biotechnologies, along with development of self-service in the area of reproduction stock and routine veterinary medical services.

The repair and spare part production service for mechanization of agriculture is performed in different ways by units and subsidiary units under the Ministry of Agriculture and by those outside this ministry, which usually are construction units which also make spare parts and engage in warranty and post-warranty service activities. While the percentage of self-service is high in state agricultural enterprise units, livestock raising complexes, and specialized or combined units, reaching around 80 percent for repairs, it is negligible in cooperative units. The low share of self-service in these activities will probably continue in the future, especially considering the existing infrastructure and the trends of development in organization of agricultural units.

Transportation services, which represent one of the main service categories and which account for a large percentage of costs in agriculture, are performed in parallel, in the form both of independent services and of self-service. The former are performed by a number of specialized transportation units, general transportation units, and combined service units. The self-service performed with an organization's own resources is generally represented by production process transportation and by general or special hauling done with organizations' own vehicle fleets. The share of independent services is currently very high (approximately 63 percent). It should be pointed out that in the case under discussion, with the exception of special hauling and provision of transportation facilities during peak load periods, self-service is superior from the viewpoint of cost effectiveness, in that it can respond promptly to a variety of local situations.

This has been clearly demonstrated by case studies of agricultural units. The average cost per ton hauled was appreciably higher when transportation was rented than when a unit's own vehicles were used. Considering the enormous amounts hauled in agriculture, 18 to 20 tons per hectare on the average, the cost reduction is obviously substantial. Animal traction is cost effective especially for light hauling or for hauling high-bulk materials and wherever it can compete with automotive traction.

The independent service versus self-service relationship in agricultural production is a problem requiring an ongoing solution as a function both of the increase in the volume of agricultural output, product structure, and technologies, and of the requirements for providing the raw and intermediate materials needed by agriculture. The institutional framework due to the existence of the single state and cooperative agroindustrial council provided by law is aimed at organization of important service activities at this level capable of forming the future integrated nucleus of service and production activities to establish the most efficient relationships between service and self-service for agricultural production.

### Advantages of Savings Accounts Stressed

90EB0108A Bucharest SCINTEIA in Romanian 29 Oct 89 p 5

[Editorial: "CEC Savings—Useful for Each Citizen and for the Entire Society"]

[Text] The "Savings Week" has become a traditional event organized every year between 25-31 October. This year, this event is taking place amid an atmosphere of great revolutionary and patriotic upsurge generated by the discussion by the entire nation of the program documents of the 14th party congress and by the firm determination of all working people to come to the great forum of the Communists with new and notable achievements in all areas of activity. The Savings Week also coincides with the 125th anniversary of the establishment of the first Savings and Loans Bank [CEC] in our country, an institution designed to attract, keep, and use temporarily available individual cash savings in the interests of the depositors and of the national economy.

Referring to the significance of this event and of the importance of savings for each citizen and for the entire society, Comrade Ion Patan, minister of finance and chairman of the Central Commission in charge of bolstering savings, said:

As a popular bank, the CEC found its true vocation after it was reorganized along socialist lines in 1949 and especially after the 9th RCP [Romanian Communist Party] Congress when, following the rapid development of the national economy, national revenues considerably increased each year, something that increased the incomes of working people in cities and villages, thus enhancing their capability to save.

The notable results attained in developing the economy and increasing national revenues helped increase people's incomes; in 1988 the general remuneration fund in the economy was almost six times larger than in 1965. Consequently, net average monthly salaries trebled. Simultaneously, the peasantry secured continuously larger incomes from work in agricultural cooperatives and from private farming. Reflecting the increase in people's cash incomes, the overall volume of their savings with CEC increased almost 23 times over in the past 24 years.

Every year people became increasingly more aware of the spirit of organized savings; currently, there is practically no family in our country that does not have one or more savings accounts or that does not have recourse to CEC services in one form or another. While at the end of 1965 the nation held 4.3 million savings accounts, i.e., about 228 accounts per 1,000 inhabitants, now there are over 24.5 savings accounts, which makes 1,064 accounts per 1,000 inhabitants. Simultaneously with the increase in the number of savings accounts, the sums of money saved by people in this form also increased; in the 1965-89 period the average size of a savings account increased 4.1 times over. At the same time, the stability of the savings increased, i.e., the terms for which each leu was deposited at CEC increased from 340 days in 1965 to 1,021 days in 1988.

These important changes in organized savings in our country occurred thanks to people's increased faith in the financial policies of our party and state and in the strength of our national currency. By depositing money with CEC people preserve their right of ownership—a right sanctioned even in the country's constitution. The process of organized savings also plays a social role, in that it contributes to educating people in a spirit of good money management. The state encourages organized savings by awarding, through CEC, important rights and advantages; thus, deposits are guaranteed, the amounts deposited and beneficiaries' names are kept secret, deposits, which are inalienable, may be withdrawn upon demand, accounts are tax exempt, and they draw interest and profit.

As part of its obligations, CEC offers customers eight savings programs, five of which have different features. They allow depositors to select the programs best suited to their interests. The most popular programs turned out to be regular savings programs, and among them deposits locked in for at least 1 year; by the end of August, the latter program made up 41.1 percent of all savings. The overall amount deposited in this type of program was almost 100 times larger than in 1965.

According to the guidelines of RCP Secretary General Comrade Nicolae Ceausescu, one of the areas in which more resolute steps must be taken is that of improving economic-financial relations by introducing new, modern accounting systems that can contribute to reducing cash transactions in our country to what is absolutely necessary. In order to attain that purpose, CEC has been endeavoring to encourage people to have their salaries and other income paid directly into bank accounts, particularly into personal current accounts, as well as non-cash deductions. By using these forms of savings, working people can take advantage of all the advantages of CEC depositors, whereby the state guarantees their deposits and the owners can at any time claim their money. At the same time, people can order money transfers from their current accounts, thus making it simpler to take out cash or make payments. CEC will have to take further, more persevering measures along this line.

Currently, over 600,000 working people make monthly deposits totaling more than 350 million lei into various savings programs. The number of people who avail themselves of personal current account services has also increased: alone in the period 1 January-30 September this year, over 112,000 holders of such accounts made payments through their accounts totaling over 52 million lei.

Keeping and increasing people's money savings and offering customer services made it necessary to duly develop the network of CEC units. CEC's present 2,706 units and 7,671 affiliated branches ensure customer services in all localities and within socialist units. Thus, depositors can find banks near both their home and their work place.

Fully in keeping with the requirements of the comprehensively developed socialist society and Romania's progress toward communism, the Program-Directive and the Theses of the 14th party congress provide scientific, realistic, and far-sighted bases, in accordance with the new conditions of the next decade, for the great socioeconomic objectives of our homeland. Daringly planned, Romania's socioeconomic development targets for the 1991-95 5-year plan and further to the years 2000-2010 bear the mark of the decisive contribution of the party secretary general, Comrade Nicolae Ceausescu, who conceived for the end of the millennium, as he did for the entire era opened by the ninth congress, a Romanian program for building socialism with the people and for the people, as an expression of the creative application of the general laws and principles of scientific socialism to Romania's conditions and realities.

Continuously improving the working and living conditions of all citizens will be possible only by implementing the existing programs of intensive development and preserving an appropriate accumulation rate. In the future, when the building of the comprehensively developed socialist society and resolute progress toward communism have been fully ensured, by the year 2000-2005 national revenues are expected to be double that of 1990 and will constitute the foundation for the fatherland's uninterrupted progress and for attaining a new quality of work and life for all the people. In relation to 1990, by 1995 both the average real salary of working personnel and the total incomes of cooperative peasantry are expected to increase by 5-8 percent, while resolute steps will be further taken to maintain stable prices.

Within this general framework of socioeconomic development, new horizons and new development opportunities are opening up for CEC savings, which will continuously intensify, while service quality will improve in all its departments. The masses will be increasingly permeated by a spirit of saving and good money management and will thoroughly grasp the personal and general usefulness of CEC savings, so that each citizen will become an active and regular depositor. In order to achieve high rates of growth regarding all quality indexes of savings campaigns, CEC must take additional measures to further improve services and to modernize and develop the range of services offered to customers.

Further diversifying CEC activities in customer banking services, particularly by expanding current account operations, must result in a wider non-cash deduction system, thus contributing to consolidating the national currency system and to attracting increasingly large disposable income deposits.

CEC activities have most favorable prospects of development, which are based on great development objectives for our fatherland, such as the ones included in the program documents of the 14th RCP Congress.